

PART 1/ THE CHANGING WORLD AND ITS IMPACT ON THE UK CLOTHING INDUSTRY

CHAPTER 1/ THE BASIC FORECASTS OF UK CONSUMER EXPENDITURE ON CLOTHING

A thorough analysis of past trends showed that expenditure on clothing tends to form a stable but slowly declining percentage of total consumer expenditure.* This has been true for a long period of time in a large number of developed economies. From our analysis we concluded that this tendency would probably continue in the UK during the next ten years. In fact our other research, particularly the research into consumer attitudes, confirmed both the relative rigidity of expenditure on clothing and its tendency to decline as a percentage of total expenditure. We therefore concluded that the best method of forecasting expenditure on clothing was to forecast, first, the total spending power of the consumer, and from this to forecast how much of that spending power would go on clothing. Having forecast total expenditure on clothing we then forecast expenditure on the main categories, initially assuming that past trends would continue during the next ten years (the 'Basic Forecasts') and then re-examining our forecasts in the light of our other research among consumers and in the industry and trade, the results of which we report in Chapters 2 – 6.

*See Appendix C, page 95

TABLE 3/UK CONSUMER EXPENDITURE ON CLOTHING 1968 ESTIMATED, 1973 AND 1978 FORECAST

Constant 1968 retail prices

	1968	1973	1978	1973	1978
	£m	£m	£m	based on index of 1968=100	
Men's & boys' outerwear	560	627	716	112	128
Men's & boys' innerwear*	215	234	258	109	120
Women's & girls' outerwear	855	997	1,220	117	143
Women's & girls' innerwear*	132	149	157	113	119
Other†	340	362	362	106	106
TOTAL	2,102	2,369	2,713	113	129

Notes:

*National Income in this context excludes hose and foundation garments. Men's and boys' innerwear is defined as underwear, shirts and nightwear; women's and girls' innerwear is defined as underwear and nightwear; hose is entirely excluded and foundation garments are included in 'other'.

†Other here includes hats, gloves, haberdashery, clothing materials, making-up charges, and foundation garments.

This AIC estimate of the sum of consumer expenditure on clothing for 1968 is approximately 20 per cent higher than that given by the Board of Trade in *Economic Trends*.

We feel that this requires some comment.

We used three basic official sources:

- National Income and Expenditure* which breaks down total clothing expenditure into 'Men's and Boys' clothing and 'Women's and Girls' clothing.
- The Family Expenditure Survey* which on a sample of approximately 10,000 households estimates expenditure on the clothing sub-categories.
- The Business Monitors for the 'Clothing', 'Hosiery and Knitwear' and 'Warp Knitting' industries.*

The forecasts of total expenditure by consumers were based on the recently published Government assessment *The Task Ahead*† as far as the period to 1972 is concerned. Beyond that we developed our own forecasts to cover the period to 1978. These assumed on average a higher growth rate beyond 1972 than in the period covered by *The Task Ahead*. We have set out the assumptions and the method in some detail in Appendix A. The basic forecasts which we derived for expenditure on all clothing and on major garment groupings are shown in Table 3. They suggest that as incomes rise the proportions of total clothing expenditure spent on outerwear will increase, and the proportions spent on innerwear will decrease. The implications of the basic forecast are that the more buoyant parts of the home market are those in which the industry is already fairly healthy; the areas of relatively sluggish growth in the home market are already suffering from import competition which is likely to grow more severe (see forecasts of exports and imports, Chapter 3 p 8.)

†*The Task Ahead*, HMSO 10s Od.

The detailed production figures in the monitors can be used with international trade statistics and an estimate of retail mark-up to give an indication of consumer expenditure.

The first two sources do not produce equivalent estimates, the Family Expenditure Survey generally being the lower figure by some 20 per cent. The third is the only source of sufficient detail for a study of this kind; but its coverage of manufacturers for many sectors is not high, and the product classifications used do not accord fully with those in the International Trade Statistics, which themselves have different classifications for imports and for exports. A further problem is estimating the retail mark-up.

We had, therefore, to rely heavily on market research data, mostly those generously provided by ICI Fibres Limited and Courteaulds Limited, to whom we are very grateful, but also other sources. ICI Fibres Limited carry out a continuous programme of surveys of individual consumers. About 250 women and 170 men, representative of the population between 15 and 65, are questioned each week on their purchases of a large number of garment types. However, although average prices can be estimated from the data, these surveys are designed to estimate numbers of garments rather than value of garments. Courteaulds Limited made available to us some of their more detailed ad hoc consumer surveys.

Comparing these two major sources together with other less comprehensive information from various sources including trade associations, and with the production and international trade statistics, we formed a judgment of the UK market size for each product group. In some cases the figures from all sources were in approximate agreement, whereas in other cases there was considerable disagreement. The size of the category 'other' was estimated from the Family Expenditure Survey.

We found that the total of our estimates of these markets was some 20 per cent higher than that in *Economic Trends*. In fact, it is more important for the purposes of this study to have sound estimates of the sizes of individual sub-markets rather than of the total market for clothing. Our estimates for these sub-markets represent a considered evaluation of the various available evidence. Therefore, although our total exceeds official estimates of total market size, we preferred not to adjust our estimates.

CHAPTER 2/SOCIAL AND ECONOMIC CHANGES

INTRODUCTION

The views expressed in this section are based partly on the analysis of available information, statistical data and interviews with informed sources, and partly on the insight we were able to gain into consumer behaviour from the consumer attitude research, which was undertaken by the Tavistock Institute of Human Relations, Centre for Applied Social Research, under the general direction of AIC. This research is reported more fully in Appendix A.

THE CRITICAL FACTOR: THE RIGIDITY OF TOTAL CLOTHING EXPENDITURE

In Chapter 1 on page 3 we explained how the apparent stability of clothing expenditure and its long term tendency to decline as a percentage of total consumer expenditure had been used to develop the basic forecast of clothing expenditure in the UK.

Underlying this trend is a slowly declining 'expenditure elasticity'; we forecast an average value of 0.8 for the period to 1978. This means that the percentage increase in consumer expenditure on clothing will average 0.8 times the percentage increase for consumer expenditure as a whole. We have forecast an average growth in total consumer expenditure of 3 per cent each year over the period 1968 - 1978. (See Appendix C for more detail.)

From the forecast of total consumer expenditure and the expenditure elasticity we can derive a forecast of expenditure on clothing (Table 4).

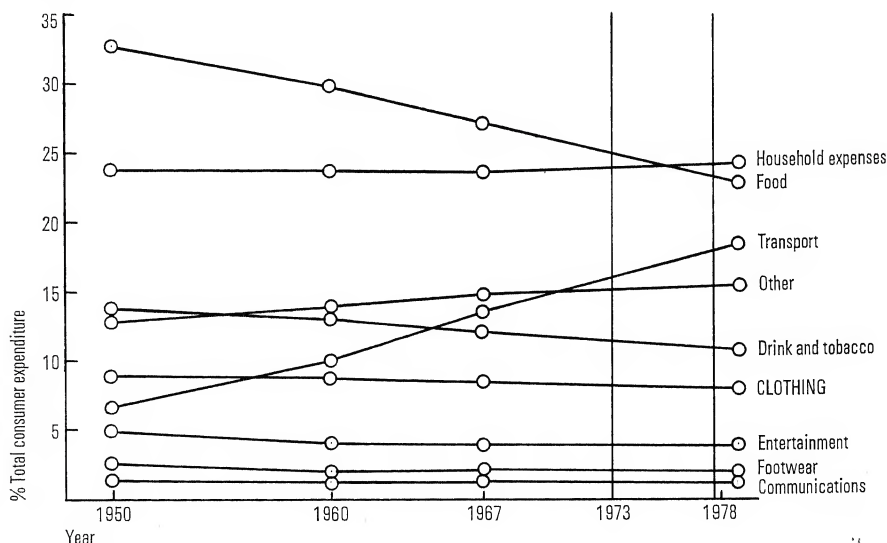
TABLE 4/FORECAST OF TOTAL CONSUMER EXPENDITURE AND EXPENDITURE ON CLOTHING, 1973 AND 1978 AT CONSTANT PRICES

	1968=100	
	1973	1978
Total consumer expenditure	114	133
Expenditure on clothing	113	129

In Appendix C we also show the effects on the basic forecast of alternative assumptions both about the growth in total consumer expenditure (page 94) and about the value of the expenditure elasticity for clothing (page 95).

We think that the total demand for clothing is also relatively insensitive to other factors such as changes in the level of advertising or other marketing measures. We think there is a parallel with food which should be noted. Like clothing, food is a basic necessity and as incomes have increased a smaller proportion has been spent on food, despite intensive, well organised and sustained marketing efforts by the major food companies which are very skilled in marketing. Chart 2 shows how expenditure

CHART 2/AIC CONSUMER EXPENDITURE FORECASTS FOR 1973 AND 1978



Figures are valid only at points 1950, 1960, 1967 and beyond

on basic commodities has tended to decline as a percentage of total expenditure, and how AIC forecasts these trends to continue to 1973 and 1978.

The consumer attitude research corroborated the findings of the economic and statistical analysis. This research suggested that the main reasons for the high degree of rigidity in clothing expenditure are:

(a) Consumers have, on the whole, definite limits to the price they will pay for most garments, and on the appropriate number of garments to have in their wardrobes at any one time. Both these factors clearly restrict consumer expenditure, although it is clear that young people are much less constrained by either factor.

(b) When consumers have gifts or 'windfalls' they tend to divert the money saved to non-clothing items; typically, a wardrobe will be brought to a desired level for the particular consumer, and the balance of the money spent on other things.

(c) Clothing does not appear to be regarded as a distinct item of expenditure in the household budget (although the evidence for this is somewhat limited). Clothing tends to be regarded as something to cater for out of what is left over after all the bills are paid, partly because clothing purchases are often capable of being deferred. (Children's clothes are an exception to the latter.) In addition many people rely on being given clothes as presents.

(d) Consumer attitudes towards clothing are very stable and when they do change, they change slowly.

(e) People, especially men, are reluctant to throw clothes away before they are physically worn out and this, together with the longer life of many garments due to the growing use of man-made fibres, and limited storage space, acts against increased clothes purchases.

There may be some scope for increasing expenditure on clothing as new garment types are introduced for which the consumer has no reference price. Opportunities for new garment types will arise particularly in the leisure field. But we think the development of clothes purely for leisure purposes will be a slow evolutionary trend, and although it may be possible to accelerate the trend through effective marketing, an overlap in clothing used for both work and leisure will continue to be widely accepted as normal.

SIGNIFICANT FACTORS

THE INCREASING PROPORTION OF YOUNG PEOPLE IN THE TOTAL POPULATION

Analysis of garment purchasing by different age groups confirms the widely held intuitive view that young people are an extremely important part of the market. They are heavy buyers of most types of clothing compared with the adult population as a whole.

Table 5A shows the expenditure by 15 - 29 year old males as a per cent of total expenditure by all males over 15. This age group formed 29 per cent of the total male population over 15 years.

But this 29 per cent accounted for a much higher percentage of expenditure on men's wear.

Table 5B shows the expenditure of 15 - 29 year old females as a per cent of total expenditure by all females over 15. This age group formed 26 per cent of the total female population over 15 years.

But this 26 per cent accounted for a much higher percentage of total expenditure on women's wear.

TABLE 5A/MEN'S WEAR (1967)

<i>Expenditure by 15-29 year old males as a per cent of total expenditure by all males over 15 years per cent</i>	
Suits	39
Jackets	60
Shirts	39
Pyjamas	34
Rainwear	36
Trousers	53
Knitwear	54
Coats	36

Source: ICI Fibres Limited

TABLE 5B/WOMEN'S WEAR (1967)

<i>Expenditure by 15-29 year old females as a per cent of total expenditure by all females over 15 years per cent</i>	
Coats	48
Rainwear	36
Trousers	60
Knitwear	42
Blouses	34
Skirts	48
Nightdresses	48
Underwear	46
Waist slips	75
Full slips	37

Source: ICI Fibres Limited

Young people are such an important sector of the market because of their fashion consciousness, their spending power (until marriage and birth of the first child), and the need to build up their wardrobes after leaving school; the typical young person's wardrobe today certainly has more variety and more clothing for special purposes than 10 years ago.

The size of the market for young people is all the more significant in view of the population projections for this age group (Table 6).

TABLE 6/FORECAST INCREASE IN NUMBERS OF YOUNG PEOPLE 1968-1978

	<i>15-19 years of age</i>	<i>20-29 years of age</i>
	<i>per cent increase</i>	<i>per cent increase</i>
Men	+12.8 per cent	+3.7 per cent
Women	+12.4 per cent	+4.4 per cent

THE RISE IN INCOMES

The rise in the general standard of living is closely related to the social changes described throughout this report, and tends, directly or indirectly, to expand the market for clothing of all kinds particularly outerwear. We forecast that incomes will rise by 30 per cent* in real terms over the period 1968-1978. So far as particular garments are concerned we forecast that ladies' outerwear, children's wear, men's trousers and men's knitwear will benefit most from increased disposable incomes.

*Based on *The Task Ahead* up to 1972 and on AIC estimates 1972-78.

INCREASING FASHION CONSCIOUSNESS

There are various types of fashion: seasonal changes; long term trends; and vogues where all wear the same, as distinct from wearing individual versions of a 'trendy' style.

We believe that the availability of, and demand for, fashion garments by a growing proportion of the population will continue to be a significant growth factor in clothing in general and in ladies' outerwear, skirts, knitwear and children's wear in particular. While the consumer attitude research revealed that there may be some reaction against fashion as such, we believe the long term trend is towards greater fashion consciousness. The increase in fashion is closely related to other changes, such as the emergence of leading designers of clothing for the mass market, the success of boutiques both as independent shops and in department stores, the decrease in class differences and habits and the attention paid by manufacturers of all clothes to the purchasing habits of young people, especially teenagers with their increased disposable incomes. We have already drawn attention to the importance of young people in the clothing market. They are also important because of their fashion consciousness which influences the purchases of other age groups. They themselves tend to retain some fashion consciousness as they grow older although they tend to buy clothes less often and from different outlets.

THE DECLINE OF CLASS DIFFERENCES

We feel that the gradual decline in differences between classes is contributing to the demand by a larger proportion of the population to be better dressed. This is affecting nearly all types of clothing. We think it will continue and will lead to greater discrimination by consumers, wider appreciation of value for money, more demand for variety in fashion garments, and possibly a slightly higher acquisition or replacement rate. Parallel with this the current trend towards greater informality in clothing is likely to continue and may, we think, affect a wider range of garments than it does at present.

THE GROWTH IN THE DEMAND FOR 'EASY-CARE'

Demand for easy-care finishes is likely to increase to the point where it will be difficult to sell some types of garments without easy-care finishes. The main effect of this trend will, of course, be upon the fabric supplier rather than the making-up industry, and it will be particularly important for fabric suppliers to meet the consumers' requirements in this respect in shirts, trousers, children's wear and, to a lesser extent, in men's suits.

The one major area of improvement still required by the consumer is in rationalising or simplifying the washing, drying and ironing instructions for fabrics made out of a proliferating range of man-made fibres, blends and brands. The consumer attitude research revealed considerable confusion among consumers over whether garments should be spun-dried or tumble-dried, for example, and what the right ironing temperature should be. One possible and desirable effect of the fierce competition between fibre interests may be to bring about some form of rationalisation or simplification in the laundering of garments with an easy-care finish.

PROBLEMS OF SIZING

Many consumers claim that sizing is a problem and we think it may be acting as a restraining influence on the

level of purchases. Probably only a minority of consumers find sizing problems an important constraint on choice, but a much larger proportion are affected to some extent, causing them, they claim, irritation and annoyance. Sizing is important for all the main items of outerwear and for shirts. From our consumer attitude research, we have concluded that sizing problems can have a number of quite important effects:

- (a) When minor difficulties in sizing are overcome, continued loyalty to a particular brand or outlet is generated; this suggests a major opportunity.
- (b) There are often large gaps between stock sizes, making alterations necessary; though consumers appear to recognise that individual peculiarities of shape have to be coped with by minor alterations.
- (c) Many people feel that, while their shape is not particularly unusual, manufacturers have not paid sufficient attention to providing a range of garments in their sizes; this applies particularly to middle-aged women.
- (d) Some garments, such as shirts, are often sold by size measured only in one dimension. (Some manufacturers of shirts have already seen the need for different sleeve lengths to be more widely available, as in the USA.)
- (e) Sizing, it appears, is often inconsistent from one range of garments to another. This is extremely irritating to the consumer and many allege that they have deferred purchases or even not made them at all because of this inconsistency. (See Appendix A, p 76.)

CONSUMER LOYALTY TO RETAIL OUTLETS

Consumers have a fairly well developed loyalty to retail outlets, the effects of which may well become more important in the next decade. Such loyalty makes no significant difference to the size of the market but it does limit the effectiveness of independent marketing efforts by the garment (or fibre) manufacturer. (See 'Limitations to brand advertising' in the next section.) We believe manufacturers' brands could most effectively be promoted by recognising the retail outlet loyalty and working with it. (See Appendix A, p 74, 75.)

LIMITATIONS TO BRAND ADVERTISING

Fibre and manufacturer brand loyalty and awareness appear to be relatively low. This is significant because, together with the other factors restraining consumer demand, both attitudinal and economic, it indicates that heavier advertising and promotion would not significantly increase the total demand, although individual manufacturers may increase their market share through advertising.

We doubt whether brand loyalties can be affected sufficiently to justify large increases in advertising. It appears that consumers, when shopping for clothes, tend first to select an outlet or a short list of outlets. The size is specified followed by appearance factors - style, colour, fabric design - and price. Only then are brand labels looked at and very often only for washing instructions.

Considerable confusion exists in consumers' minds over fibre brands, despite heavy and sustained advertising by the man-made fibre producers.

There is a feeling among many consumers that the industry often tries a little too hard to dictate fashion. We think that consumers may react against this, which could further reduce the effectiveness of brand advertising in certain cases. (See Appendix A, p 74.)

LESS SIGNIFICANT FACTORS INCREASING LEISURE

We forecast a much greater interest in leisure activities on the part of a wider section of the population during the next ten years. The emphasis is likely to move away from spectator pastimes to those where active participation is required. This implies the possibility of marketing more 'special purpose' garments. It might be fruitful to examine the American market where there are more types of garment available than there are in Britain. Predominantly the additional garments are leisure wear.

On the other hand our consumer attitude surveys suggested that many people continue to find it acceptable to wear the same clothes for many of their leisure time activities as they do for work. This attitude may inhibit the growth in demand for clothing solely for leisure. Nevertheless we think there will be a steady but not dramatic growth in expenditure on leisure wear during the period under review. Leisure wear is of course a small proportion of all clothing.

There is a trend away from team games and towards individual leisure activities which we think will probably continue. Trousers, slacks and knitwear should benefit most from such a trend, together with a whole range of specialised garments such as golf jackets, ski jackets and trousers, anoraks for climbing and sailing, car coats and duffle coats for a growing range of outdoor activities. Most of these garments require special features in fabric or making-up, such as water-proofing, stretch, zip-fasteners, and detachable or foldaway hoods. The consumer will probably become more discriminating and demanding about all his clothing, but particularly about specialised garments such as these.

GROWTH IN TRAVEL AND HOLIDAYS

Growth in travel and holidays, particularly overseas, will continue and probably, with the advent of the jumbo jet, at a faster rate than in the past. The growth in business travel is likely to influence the market for men's outerwear and shirts in favour of lighter fabrics and easy-care finishes. The growth in holiday travel will probably help to spread the demand for lighter fabrics to a wider spectrum of the population, and continue to stimulate growth in the demand for leisure garments, particularly trousers and slacks, knitwear, dresses, beachwear and sportswear.

IMPROVED COMMUNICATIONS

The introduction of colour television should benefit the markets for those garments which are best able to incorporate fabric colour and design. But the improvements in communications will also have a significant effect, in our opinion, at an indirect level, by creating greater awareness and readier acceptance of social changes and fashion trends.

THE DEVELOPMENT OF A 'PERSONAL STYLE' BY CONSUMERS

The consumer attitude research suggested that people tend to develop a 'personal style' which transcends fashion changes and which changes only very slowly. Thus a woman may be a 'twin-set type' and a man a 'sports coat type' and fashion changes only induce minor variations on the particular person's basic theme. This personal style is closely related to the occupation and general way of life of the consumer. The concept is discussed in greater detail in Appendix A, especially p 71.

We think consumers' independence from fashion demands may increase and more people will adopt a style which they feel suits them in their particular circumstances, and then retain the basic style. This implies that there may be an opportunity for increased sales of matching garments and accessories; the trend to complete outfitting (page 15) is clearly closely related.

THE SEASONAL PATTERN OF CONSUMER PURCHASING

The seasonal nature of trade in many women's wear garments is undoubtedly well-known in the clothing industry. It is obviously an important factor for manufacturers especially where fashions change from one season to another. The present pattern of seasonal purchasing for women's clothes, which we expect to continue, is:

- (a) January to March is generally a quiet season, particularly for dresses, children's knitwear, nightdresses, underwear, and waist slips.
- (b) Demand is significantly heavier in October to December for knitwear, coats, nightdresses and slips.
- (c) Demand for blouses and trousers tends to be concentrated in April to September.
- (d) Demand for corsetry, bras, suits, shirts and rainwear is fairly evenly spread throughout the year.

Demand for men's wear is less seasonal, though there are peaks around Easter, Whitsun and November.

We do not foresee any major changes in the existing pattern, although there is a slight trend to bring forward the retailing season for some garments.

CHANGES IN THE PATTERN OF EMPLOYMENT

The trend from 'blue-collar' to 'white-collar' employment can be expected to continue and to exert a moderate growth effect on men's outerwear. The gradual nature of this type of change can be illustrated by a recent forecast* of the growth of 'white-collar' employment from nearly 40 per cent of total employment in 1968 to over 50 per cent by the 1980s; this is a compound growth rate of about 2 per cent per year, and the net effect of this on the size of the market for suits and shirts will probably not be more than an increase of 1 per cent per year.

On the other hand, changes in the nature of employment in many industries from heavy or dirty to light or clean jobs are likely to affect the market for work clothing. We think bib and brace overalls, and boiler suits, will continue to decline at the expense of technicians' and foremen's coats and jackets.

THE GROWTH IN CENTRAL HEATING AND PRIVATE TRANSPORT

We expect continued growth both in central heating and private car ownership, but we expect their effects to be on the nature of clothing rather than on market size for any particular garment; we think they will reinforce other tendencies towards lighter and more casual clothing.

Both factors have allowed clothing to move away from the protective function towards more decorative and comfortable lines. Fabrics in overcoats, jackets and suits are tending to become lighter. Styles, particularly in overcoats and rainwear, are becoming much more casual, and a new garment, 'the car coat', has emerged. Underwear has become very largely cotton or synthetic.

*This was provided by an authoritative source whose name we are not permitted to disclose.

CHAPTER 3/CHANGES IN INTERNATIONAL TRADE

INTRODUCTION

International trade is becoming more important to the clothing industry. Unfortunately, this is the area in which there is probably most uncertainty as to the future. It is difficult to predict future trends accurately because they depend on future terms of trade, trading agreements, marketing and technical skills, and political requirements. But, within this uncertain framework, some trends can be isolated and important factors identified. The importance of these trends and projections are very different for each sector of the industry. It is to the critical areas where threats or opportunities seem to be greatest that we have given most attention.

The chapter falls into two main parts, qualitative and quantitative discussion. The quantitative forecasts are in fact extrapolations of past trends, based on alternative assumptions about deceleration or acceleration of past growth rates. Their purpose is to throw up areas of change and to indicate orders of magnitude rather than provide precise forecasts. The qualitative discussion includes an analysis of the key factors underlying the development of international trade, together with the implications for the major groups of garments.

GENERAL TRENDS

Both imports and exports have grown rapidly in recent years as is indicated in Chart 3 opposite. The UK was running an export surplus up to 1959, but during the 1950s exports were relatively static and imports were climbing rapidly. It was not until 1962 that exports also

began to grow rapidly. The import surcharge scheme made a big impact on imports in 1965 but since then growth has continued as fast as before.

Although international comparisons are not entirely valid, it is worth noting that the UK's imports of clothing in the 60s have grown more slowly than many other countries' imports. This is because of the drop in imports in 1965 and does not apply since then. Nevertheless, as with most comparable countries, the import growth rate is much faster than the growth rate in consumer expenditure.

The UK share of world trade in clothing is falling. Apart from minor exceptions it is only in EFTA and Eastern Europe that the UK is increasing its share of foreign markets.

EXPORT FORECASTS

Three alternative forecasts have been made. The lower forecast is derived from the DEA Green Paper *The Task Ahead* taking into account the different forecast periods (see Appendix D). A middle or 'most likely' forecast is based on an 11½ per cent annual average growth rate between 1968 and 1973. This is equal to the growth rate (at constant prices) between 1962 and 1967, and we consider it feasible that this growth rate can be maintained. The upper forecast indicates a growth rate which we think the British industry could undoubtedly achieve, given the advantages of devaluation, if attention is given to the crucial factors of quality and marketing. These forecasts are shown in Tables 7 and 8.

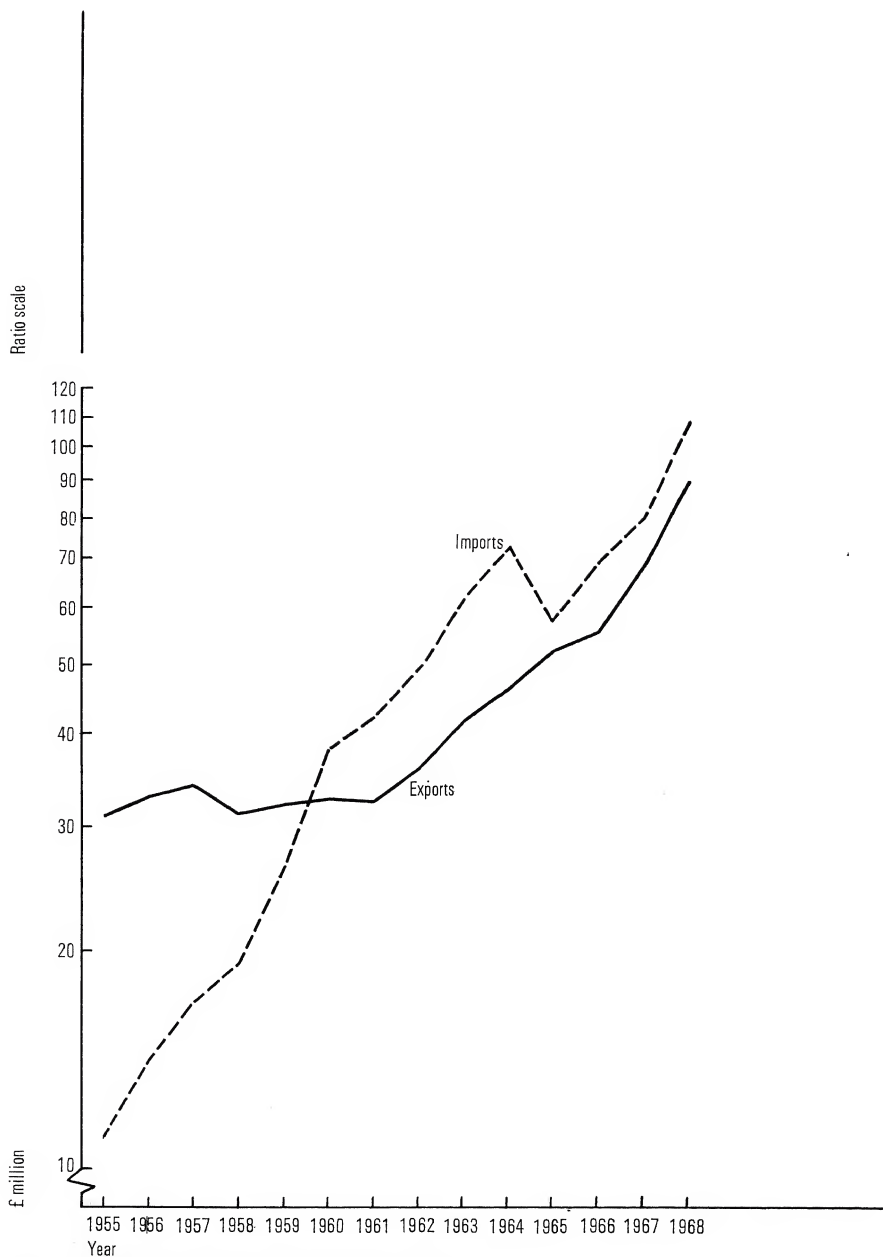
TABLE 7/FORECAST GROWTH IN EXPORTS, 1968-1978

GARMENT GROUP	1968 EXPORTS £ million	ANNUAL GROWTH RATES 1962-1967 per cent	FORECAST ANNUAL GROWTH RATES per cent					
			1968-1973			1973-1978		
			Lower	Middle	Upper	Lower	Middle	Upper
Innerwear: Male	4	5½	3½	5½	9½	3	5	7½
Female	2	8½	4½	4½	11	3½	6½	8
Outerwear: Male	24	10	6	9½	13	4	7½	9½
Female	43	19	8	15½	19½	5	9	12
Other	18	2	1	2	3	1	2	2½
TOTAL	91	11½	6	11½	15	4	7½	10

TABLE 8/EXPORT FORECASTS AT CONSTANT 1968 PRICES

GARMENT GROUP	1968 £ million	1973 £ million			1978 £ million		
		Lower	Middle	Upper	Lower	Middle	Upper
Innerwear: Male	4	5	6	7	6	7	9
Female	2	3	4	4	4	5	6
Outerwear: Male	24	32	38	45	39	54	70
Female	43	63	89	106	81	136	188
Other	18	19	20	21	20	22	24
TOTAL	91	122	157	183	150	224	297

CHART 3/UK IMPORTS AND EXPORTS OF CLOTHING



Note: Excludes hose Includes estimate of parcel post for exports

Source: Customs and Excise

A slow-down in the rate of export growth is forecast for the second five year period. This reflects possible capacity problems, reduction in the present incentives to export (eg the effect of devaluation wearing off), relaxation of the credit squeeze at home, and possibly a general slowing down in the growth of world trade. The major opportunities are in outerwear, and it is our view that for many garment types, 'the sky is the limit'.

From Tables 8 and 9 it can be seen that we forecast a particularly rapid growth in exports of women's outerwear. In fact, given a really determined marketing effort and assuming the industry can achieve the necessary output, the upper forecast could, in our opinion, be exceeded quite comfortably.

Outerwear is an area where consumer expenditure is increasing relatively quickly in the UK and the same is true in our export markets. In addition, British relatively high price, high quality garments are less susceptible to tariff barriers, whereas innerwear sales depend critically on price and value for money.

The garment groups within women's outerwear which appear to have the greatest potential are overcoats, costumes, dresses and separates, and, to a lesser extent, women's knitwear. We also think there are very good prospects for men's knitted outerwear and suits.

IMPORT FORECASTS

Three alternative forecasts have been made. As in the case of exports, the lower forecast is based on the DEA Green Paper *The Task Ahead* (see Appendix D), and the middle forecast is an extrapolation of current trends. The upper forecast indicates our view of how imports may flood into the country if the industry cannot maintain relative price stability in the low to medium price range of British-made clothing. In the case of the lower and middle forecasts we expect a slightly higher growth rate in the second five year period from 1973 to 1978. In contrast, the upper forecast predicts a slowing up during the second period, although still growing at $9\frac{1}{2}$ per cent each year on average. This is because high penetration of imports in certain garments would be achieved by 1973 and this would militate against sustaining a high growth rate (Tables 10 and 11).

Import growth is expected to be substantial in all main garment groups, but the bulk of imports are likely to be at the very cheap, light end of the market. The major growth areas are expected to be in shirts, jackets, trousers, knitwear and dresses (Table 12).

TABLE 9/EXPORT FORECASTS FOR INDIVIDUAL GARMENT TYPES AT CONSTANT 1968 PRICES

	1968	1973 £ million			1978 £ million		
		Lower	Middle	Upper	Lower	Middle	Upper
Men's and boys' innerwear:							
Shirts	3	3	4	5	4	5	6
Nightwear	1	1	1	1	1	1	2
Underwear	1	1	1	1	1	1	1
TOTAL	4	5	6	7	6	7	9
Women's and girls' innerwear	2	3	4	4	4	5	6
Men's and boys' outerwear:							
Jackets and waistcoats	2	2	3	3	3	4	5
Trousers	1	1	1	2	2	2	3
Suits	2	2	3	3	3	4	4
Overcoats	2	2	2	2	3	3	4
Knitwear	13	18	22	26	21	31	40
Rainwear	2	3	3	4	3	4	7
Other	2	4	4	5	4	6	7
TOTAL	24	32	38	45	39	54	70
Women's and girls' outerwear:							
Overcoats	7	11	15	18	14	22	29
Costumes	6	10	16	18	14	29	38
Dresses	13	22	32	38	27	47	66
Separates	4	6	9	12	9	16	28
Knitwear	11	12	14	16	14	18	22
Rainwear	1	1	1	1	1	1	1
Other	1	1	2	3	2	3	5
TOTAL	43	63	89	106	81	136	188
Other	18	19	20	21	20	22	24
GRAND TOTAL	91	122	157	183	150	224	297

Note: Totals do not always add up correctly due to rounding.

Source: AIC

TABLE 10/FORECAST GROWTH IN IMPORTS, 1968-1978

GARMENT GROUP	1968 IMPORTS £ million	ANNUAL GROWTH RATE 1962-67	FORECAST ANNUAL GROWTH RATES per cent					
			1968-1973			1973-1978		
			Lower	Middle	Upper	Lower	Middle	Upper
Innerwear: Male	20	10½	5	9½	13	5½	10	12½
Female	5	9	6½	9	12½	5	8½	11
Outerwear: Male	30	11½	6½	11	15½	7½	10	10½
Female	33	6	4	6½	10½	3½	7½	8½
Other	20	2	1	2	3	1	2	3
TOTAL	108	7½	4½	7½	11	5	8	9½

Source: AIC

TABLE 11/IMPORT FORECASTS AT CONSTANT 1968 PRICES

GARMENT GROUP	1968 £ million	1973 £ million			1978 £ million		
		Lower	Middle	Upper	Lower	Middle	Upper
Innerwear: Male	20	25	31	34	33	51	61
Female	5	7	8	9	9	12	15
Outerwear: Male	30	40	51	62	58	81	102
Female	33	40	46	54	48	67	82
Other	20	21	22	23	22	24	28
TOTAL	108	134	158	183	170	235	288

Source: AIC

TABLE 12/IMPORT FORECASTS FOR INDIVIDUAL GARMENT TYPES AT CONSTANT 1968 PRICES

GARMENT GROUP	1968 £ million	1973 £ million			1978 £ million		
		Lower	Middle	Upper	Lower	Middle	Upper
Men's and boys' innerwear:							
Shirts	12	16	20	22	21	35	43
Nightwear	2	3	4	4	4	6	7
Underwear	5	6	7	8	8	10	12
TOTAL	20	25	31	34	33	51	61
Women's and girls' innerwear	5	7	8	9	9	12	15
Men's and boys' outerwear:							
Jackets, waistcoats	4	6	8	10	9	13	16
Trousers	10	15	18	22	21	30	40
Suits	1	1	2	2	2	3	4
Overcoats	*	*	*	1	*	*	1
Knitwear	7	8	12	14	13	19	23
Rainwear	2	3	3	4	3	4	5
Other	6	7	8	9	10	12	13
TOTAL	30	40	51	62	58	81	102
Women's and girls' outerwear:							
Overcoats	2	2	3	3	3	4	4
Costumes, suits	5	7	8	8	8	12	13
Dresses	7	10	11	13	12	18	22
Separates	4	4	5	6	5	6	8
Knitwear	8	8	9	12	9	13	18
Rainwear	4	5	5	6	6	8	10
Other	4	4	5	6	5	6	7
TOTAL	33	40	46	54	48	67	82
Other	20	21	22	23	22	24	28
GRAND TOTALS	108	134	158	183	170	235	288

Note: Totals do not always add up correctly. This is due to rounding.

*Less than £½ million.

Source: AIC

THE TRADE BALANCE

Little mention has so far been made of the balance between imports and exports. Trade balance is very important. A vigorous British industry will combat imports as well as increasing exports. In forecasting the size of the market available to British manufacturers, we have taken the combinations of forecasts for imports and exports (Table 13).

TABLE 13/ALTERNATIVE FORECASTS OF TRADE BALANCE, 1973 AND 1978 AT CONSTANT 1968 PRICES

	1973 £ million	1978 £ million
All clothing		
Most likely*	— 1	— 11
Optimistic	+24	+ 58
Pessimistic	—30	— 75
DEA derived forecast	—12	— 20
Men's innerwear		
Most likely	—25	— 44
Optimistic	—21	— 54
Pessimistic	—27	— 50
DEA derived forecast	—20	— 27
Men's outerwear		
Most likely	—13	— 27
Optimistic	— 4	— 8
Pessimistic	—22	— 44
DEA derived forecast	— 8	— 17
Ladies' innerwear		
Most likely	— 4	— 7
Optimistic	— 4	— 5
Pessimistic	— 5	— 9
DEA derived forecast	— 4	— 5
Ladies' outerwear		
Most likely	+43	+ 69
Optimistic	+55	+104
Pessimistic	+21	+ 33
DEA derived forecast	+23	+ 41

Statistical note:

*For an explanation of 'most likely', 'optimistic', etc. see Appendix D, p 101.

The first possibility – the most likely – links the two middle forecasts and indicates a slight decrease in the current trade deficit of £17m. The second possibility – the most optimistic – indicates the potential we feel exists if export opportunities are exploited and imports are successfully contained. The third possibility – the pessimistic – is the reverse of the second and would be extremely serious for the sectors of the industry vulnerable to imports. The final possibility links the import and export forecasts from *The Task Ahead*. The wide range of possibilities leads us to believe that the industry's export and import performance will be a critical factor in determining its future prospects during the next ten years.

THE EFFECT OF UK ENTRY INTO NEW TRADING COMMUNITIES ON THE EXPORT AND IMPORT FORECASTS

Entry into the Common Market or some other wider trading community would certainly increase clothing exports. In 1967 the Common Market countries took 3.7 per cent of their total clothing imports from the UK. By contrast the UK's share of all EFTA imports was 12.6 per cent. Although the UK could not expect to

achieve as high a penetration as this in the Common Market countries, we think there would be scope for doubling or trebling our current exports. This would mean additional exports of £30-£45m. But this would probably entail some diversion of effort (and perhaps of capacity) from our existing markets, particularly EFTA. The timing and composition of new trading areas are impossible to forecast and therefore we have not made a complete set of alternative forecasts to cover the possibilities. Rather we would expect clothing exports to have an accelerated growth rate producing an extra £50m a year in exports by 1978, if a full European trade grouping comes into being.

The pattern of British imports differs from that of all other European countries in that exports from developing countries (almost all from Hong Kong) account for a large proportion of the total. Although there has recently been some decline in the proportion of British imports from Hong Kong, they have continued to increase in absolute terms. If Britain were associated with a larger European trade grouping, the preferential treatment given to Commonwealth members might end (or be significantly reduced) and this might have a significant effect on imports. To some extent this source of cheap imports is already being replaced by Portugal. But the overall effect of UK membership of the Common Market or an extended version of it should be favourable to the industry's balance. New markets for British exports should more than compensate for the easier access which EEC countries would have to the British market. This is principally because they are relatively high cost countries, apart from Italy, and the British clothing industry is, we feel, relatively well equipped to deal with this kind of competition.

THE CRITICAL FACTORS DETERMINING EXPORT PERFORMANCE QUALITY

There can be no doubt that British clothing exports sell on quality. Analysis of reports from British Embassies abroad has confirmed this without exception. It is, therefore, essential that this standard of quality is maintained and exploited. Under these conditions we believe the export potential is immense, particularly for outerwear.

MARKETING

Reports from overseas markets indicate that British clothing is held in high regard but that apparent marketing failures are militating against full exploitation of export potential. Criticisms of delivery times, representation, attention to consumer needs etc, are of course often aimed at importers but it does seem that the UK is being singled out as being weak in these respects. Even so, we think that relatively elementary improvements in marketing would have a marked effect on export growth.

THE CRITICAL FACTOR DETERMINING IMPORT PERFORMANCE: PRICE

In competing with imports, price is crucial. The consumer is almost totally unaware of, and indifferent to, country of origin (see Appendix A). Imports are competing at the cheaper end of the market by and large, where it is mainly price and apparent value for money which determine choice. (See Chapter 6, p 20).

SIGNIFICANT FACTORS

TARIFF AND QUOTA ARRANGEMENTS

Membership of the Commonwealth with its preferential tariff is only significant for Hong Kong as far as clothing is concerned. The exception is an important one, however. But the effect of higher tariffs is open to doubt because the basic prices of Hong Kong clothes are so low. Applying quotas to clothing from Hong Kong would, however, probably have a dramatic effect. The UK is unique among European countries in the high proportion of imports from developing countries, as Table 14 illustrates, and its policy towards such imports is also, apparently, out of line with general European practice.*

TABLE 14/PERCENTAGE OF CLOTHING IMPORTS FROM DEVELOPING COUNTRIES 1967

Importing country	Percentage of imports from developing countries (excluding Portugal) 1967 per cent
United Kingdom	44
Belgium/Luxembourg	2
Netherlands	5
West Germany	20
France	2
Sweden	24
Switzerland	7
Italy	5
Norway	10
Denmark	13
Austria	7

Source:

OECD Trade Statistics, Series C SITC 84

We cannot prejudge what action the Government may take but we stress the significant effect that appears likely for almost all garments at the lighter end of the trade if Britain did move into line with what appears to be general European practice.

The possible consequences of Britain's joining the Common Market were discussed earlier. The effect of existing tariff arrangements is shown in Table 15 which shows recent trade growth with EFTA and the EEC compared with the overall growth rates for 1963-67. Unfortunately the EFTA market in which the UK is so successfully competing is only half the size of the EEC.

TABLE 15/THE EFFECT OF CURRENT EUROPEAN TRADING AGREEMENTS ON UK IMPORTS AND EXPORTS OF CLOTHING, 1963-1967

	Trade growth 1963-1967 per cent
All UK clothing exports	+58
UK clothing exports to EEC	+30
UK clothing exports to EFTA	+122
All UK clothing imports	+27
UK clothing imports from EEC	-13
UK imports from EFTA	+150

Source:

OECD Trade Statistics, Series C SITC 84

*. . . the commercial policies pursued by Western European governments . . . have consisted of "voluntary" agreements on the restriction of exports from the developing countries, as well as formal quantitative restrictions on this trade.' *Cotton and Allied Textiles*, Volume One. Textile Council, Manchester, 1969.

THE EFFECT OF PRICE ON EXPORT PERFORMANCE

Our work suggests that price is not critical to success in export markets. Quality and effective marketing are far more important. Significant price increases would obviously diminish the share of the market obtained by British exports. But major relative price movements are not expected. The UK is starting the period under review as a relatively low cost country in European terms and with the added advantage given by devaluation. British clothing is correspondingly cheaper than many of her competitors' clothes at a comparable quality and this indicates all the more scope for British exports.

CHAPTER 4/CHANGES IN THE WHOLESALE AND RETAIL TRADES

INTRODUCTION

The conclusions in this section of the report are based on interviews with leading retailers and wholesalers, and on other published information about developments in retailing. The changes occurring in the wholesale and retail trades are not likely to affect the level of demand for clothing much, but rather the quality and variety of garments which are made available to the consumer. The policies adopted by the retailer are also important in that they affect the choice of an appropriate marketing strategy by the clothing manufacturer.

SIGNIFICANT FACTORS

INCREASED CONCENTRATION OF BUYING POWER

Multiples and variety chains have been increasing their share of clothing sales over a long period. In 1950 it was 27 per cent and by 1966 it had increased to 48 per cent. We expect this trend to continue but much more slowly than in the past, giving multiples and variety chains 53 per cent of clothing sales by 1973 and 55 per cent by 1978.

The strength of the multiples and variety chain stores is in marketing standard garments in limited ranges and in offering good value for money; multiple tailors appear to combine limited style ranges with a wide selection of fabrics.

The implications for the clothing industry are that as the big retailing groups increase their market share, clothing manufacturers will increasingly have to develop closer relationships with them and accept the disciplines which such relationships demand. But while close collaboration with the retail groups involves some loss of commercial independence, it brings with it the benefit of greater security and stability. In order to compete with the multiples, independents will probably increasingly rely on wholesale buying groups, while the department stores and smaller multiples move further towards centralised buying.

SPECIFICATION BUYING

The development of specification buying is closely related to the growing importance of the major retailing groups. It has affected all the essential aspects of garment manufacturing from fabric specification to quality control and delivery schedules. It has had the effect of some reduction in variety through standardisation but has also improved quality and value for money, either by price reduction or stabilisation.

Marks & Spencer have pioneered specification buying on a large scale for clothing, and others have followed. Thus a larger proportion of the industry is becoming involved in the manufacture and supply of garments under carefully controlled conditions.

Some major retailers feel there is a shortage of capacity at the required quality levels. At least one major group has, apparently successfully, applied specification buying

to garment manufacturers in Hong Kong. This suggests that the industry could be very vulnerable to the policy decisions of some major retailing groups if more manufacturers in low-cost countries become capable of achieving the production control and delivery standards of the retailers' UK suppliers.

POLARISATION OF OUTLETS BETWEEN MULTIPLES AND BOUTIQUES

The increase in the share of clothing sales held by multiples, which we forecast will continue (see above), will, we think, be mainly at the expense of medium size, independent outlets. The small specialist shops typified by 'boutiques' and, to some extent, by the shop within a shop, will, we forecast, also increase their share. Manufacturers may find that the polarisation at the retail end of the trade forces them to choose between supplying low or medium priced standard lines to the large groups, and fashion or specialist lines for small outlets, boutiques, and department stores.

LESS SIGNIFICANT FACTORS

TRADING-UP

We expect that many sectors of the retail clothing trade will continue to trade-up in terms of quality, and, much less so, in terms of price. Rising living standards, continuing fashion consciousness, and retailers' need to cover increasing costs, will sustain the process of trading-up. Manufacturers will have to be increasingly involved in product and method improvements, as well as fashion changes. Those that take the initiative in this will obviously benefit.

SPECIALISED OUTLETS

We anticipate that specialised outlets will grow in importance, both reflecting new types and new uses of garments and stimulating demand for them. Examples are shops specialising in:

- (a) Beach - holiday - cruise attire
- (b) Ski clothing and equipment
- (c) Trouser bars
- (d) Sports equipment and clothing
- (e) Sailing equipment and clothing.

Shops-within-shops are another example; these restrict the scope for competing manufacturers.

MAIL ORDER AND POSTAL SHOPPING

Mail order trading is the fastest growing sector of the retail trade, with a growth of some 12½ per cent per year since 1961. We expect this total growth to slow down in the next 5 years, although the expansion of the large mail order groups will continue to be quite rapid. Retailers have been moving into mail order trading and mail order firms have in some cases acquired clothing manufacturers. Both trends will probably continue.

The proportion of trade going through mail order houses in 1968 and forecast for 1973 is shown in Table 16.

TABLE 16/TRADE IN CLOTHING THROUGH MAIL ORDER HOUSES AS A PERCENTAGE OF TOTAL CLOTHING SALES, 1968 ACTUAL AND 1973 FORECAST

<i>Garment category</i>	<i>1968 per cent</i>	<i>1973 AIC Forecast per cent</i>
Men's outerwear	4-6	5-7
Ladies' outerwear	8-10	9-10
Men's innerwear	6-9	8-10
Ladies' innerwear	7-9	8-9
Children's wear	4-6	5-7

Source:

AIC - based on trade estimates.

THE GROWTH IN IMPORTANCE OF RETAILER BRANDS

Retailer brands have been growing in importance and we forecast that they will continue to do so. Our reasons for thinking this were explained in Chapter 2 on page 6 of this report. The growth of retailer brands affects the clothing industry in two ways:

- (a) Some multiple groups, notably Marks & Spencer, only stock their own brands; these outlets are therefore closed to manufacturers' brands.
- (b) Other multiples stock manufacturers' brands but their own brands are increasing their sales at the expense of the manufacturers' brands. This tends to diminish the market available for the manufacturers of independent brands.

DEVELOPMENTS IN WHOLESALING

It is estimated that about 10 per cent of all clothing sales go through wholesalers. We were not able to get very much evidence about distribution costs and their trends but we think costs may increase substantially, and this may produce a revival in the fortunes of the wholesale trade whose role has been diminishing. The recent interest taken by Courtaulds in wholesaling supports this view. A stronger wholesale trade is very much in the interests of the clothing industry, particularly of the small firms who comprise the greater part of the industry.

SUPERMARKETS

Supermarkets are moving into clothing retailing at the lower end of the price range. We expect considerable growth of sales by supermarkets, concentrated on shirts, underwear, pyjamas, lingerie, trousers and knitwear.

TREND TO COMPLETE OUTFITTING

This trend was shown in our consumer attitude research to be particularly strong among young people. We therefore expect it to continue. Manufacturers of clothing may benefit from the trend by working closely with retailers in the marketing of co-ordinated ranges of clothing.

THE STANDARD OF STAFF IN RETAIL OUTLETS

Staff problems and the lack of training facilities in the retail trade affect clothing manufacturers because consumers may remain unaware of product advantages

and improvements if retail staff cannot describe and explain them. Manufacturers' sales staff can help by making positive efforts to see that retail sales staff understand and appreciate the products they are selling.

THE TRADE DESCRIPTIONS ACT

Manufacturers will clearly need to accustom themselves to complying with the Act's requirements.

THE TREND AWAY FROM HIGH STREET SHOPPING

Two trends are developing in a limited way:

- (a) Out-of-town shopping centres
- (b) Suburban shopping centres.

We do not think either trend will have an important effect on the distribution of clothing in this country within the next decade.

CHAPTER 5/CHANGES IN THE FIBRE AND TEXTILE INDUSTRIES

INTRODUCTION

Increased concentration of buying power among retailers has been matched by some important changes taking place in the fibre and textile industries. Growing competition amongst fibre producers, as the numbers of fibres and producers have increased, is leading to very positive marketing right through to the final consumer. In the textile industries, the increased penetration of synthetics, the introduction of new fibres, the rapid development of knitting and the evolution of a more market-oriented approach have accompanied, and in some cases have prompted, important structural changes in the traditional industries. Obviously, these changes are having, and will continue to have, a marked impact on the clothing industry. In this chapter, we have described what effect we think they have on the garment-making industry.

The opinions contained in this chapter have been derived from discussions with many of the leading figures in the fibre, textile and garment industries, supported by the background knowledge gained by us in previous studies.

DISCUSSION OF THE FACTORS INVOLVED

THE EFFECT OF CHANGES WITHIN THE FIBRE AND TEXTILE INDUSTRIES

Much greater co-operation will be required between the textile suppliers and the garment manufacturer on production and marketing. For example, new fibres and fabrics sometimes require changes in making-up techniques; and large volume cloth production requires more systematic production planning and co-ordination of marketing by garment manufacturers. The relative size and strength of the main fibre and textile groups, compared with clothing manufacturers, will increasingly put them in a stronger position vis-à-vis their customers. The potential effect on the independence of the clothing industry is made all the more significant by the growth of the large multiple retail groups. But this need not necessarily be disadvantageous to clothing manufacturers; the marketing efforts of large supplying groups, properly deployed, can help them considerably.

Thus, except in the outerwear trade, the clothing industry is increasingly buying its cloth from a new type of supplier, behind whom is a fibre manufacturer, ready to promote a range of fibres to each link of the chain: garment manufacturer, retailer and consumer. The traditional relationship between the merchant converter and the maker-up is being superseded in more and more sectors of the clothing industry by the organised interaction of production and marketing generally initiated by the man-made fibre producers. More clothing manufacturers are promoting their garments in conjunction with the fibre interest; this trend is likely to continue, placing greater demands on the marketing skills of the garment industry.

There has already been a marked trend towards increased concentration in the cotton industry and the recent Textile Council report suggests the trend will continue. This has had some effect on the choice of lighter fabrics available, but we do not consider this to be a critical factor because alternative fabrics can be bought abroad. Some further degree of concentration is also widely expected in the wool textile industry. It will remain important for the men's outerwear sector of the industry to be able to obtain a wide range of fabrics, as these cannot so easily be obtained abroad as cotton and other light fabrics. But, while some quality men's wear manufacturers have expressed fears over the possible effect of rationalisation among fabric producers on the variety of cloths available, we believe that there is scope for considerable rationalisation, leading to improvements in deliveries, without any significant reduction in variety. Moreover, there is some evidence to suggest that the distinction between some cloths is far less apparent to the consumer than to the trade.

The record of cloth manufacturers for maintaining delivery dates is frequently alleged to be poor; many of the complaints about the poor delivery service of the clothing industry are, in turn, attributed to delivery failures by fabric suppliers. Closer integration of forecasting and planning, between retailer, maker-up and textile manufacturers might alleviate the problem. Such groups as Marks & Spencer and Littlewoods have with some success used their sales forecast to plan their materials requirements with cloth manufacturers. This, in turn, has helped the clothing manufacturer meet his delivery dates. A more widespread application of this practice would assist both the cloth and garment industries to improve their ability to keep delivery dates.

FORWARD INTEGRATION BY THE FIBRE AND TEXTILE INDUSTRIES

A number of fibre and textile groups have been extending their interests into clothing manufacture. This development has been largely confined to the cotton-type or lighter side of the industry and little forward integration has taken place from the wool textile industry.

In those sectors of the clothing industry where forward integration has taken place, and particularly in shirts, rainwear and lingerie, independent manufacturers have been put at something of a disadvantage. The large groups can provide their own manufacturers with some important advantages:

- (a) Access to capital
- (b) Access to scarce management skills and techniques
- (c) Co-ordination and planning of production and marketing
- (d) More effective marketing.

The next decade can be expected to see some continuation of the process of forward integration of textile

groups into the clothing industry. The textile industry's interests in clothing manufacturing are as yet relatively small – in 1966 they were estimated to be about 4 per cent of total clothing output – and the advantages described above will tend to increase in importance as this stake increases.

The garment sectors most likely to see further forward integration by the fibre and textile industries are, in our judgment, knitwear (especially double jersey knitting), men's trousers, hosiery and ladies' fashion wear, and possibly shirts and pyjamas.

There has also been a degree of forward integration by the textile industry into distribution. This is important in wholesaling where Courtaulds are thought to control about 10 per cent of the wholesale trade.

Forward integration by textile groups into retailing is limited to one example of substance – English Calico; we expect it to remain on a fairly small scale.

CONSEQUENT CHANGES IN THE CLOTHING INDUSTRY

There has been a slight trend towards larger groupings in the clothing industry which to some extent is probably a defensive move inspired by the concentration in the textile industry on the one hand and the increasing strength of the large retailing groups on the other. We think the pressure from both sides is likely to increase and for this reason we would expect the trend towards larger groupings in the clothing industry to continue. But the trend is not purely defensive; it also reflects a growing awareness of the advantages of association with a larger group. Even in the high fashion sectors of the industry where we recognise there are substantial advantages in small units, the trend is likely to be towards an increase in membership of groups; the groups would be able to combine small manufacturing units with centralised control departments providing specialised services such as finance, management controls, work study, and marketing. In some cases, membership of a larger group also confers cloth buying advantages. Those sectors with a significant degree of concentration such as rainwear, men's outerwear, foundation garments and swimwear will probably be better placed to resist encroachment by imports and the groups in those sectors can be expected to increase their share of the home market.

CHAPTER 6/TECHNOLOGICAL PROGRESS, PRODUCTIVITY AND FUTURE PRICES

INTRODUCTION

This study is primarily concerned with the impact which social and economic changes are likely to have on the demand for clothing. It is impossible to make judgments about the likely future demand for clothing without making assumptions about the price of clothing, both relative to other goods and relative to imported goods. Our forecasts have assumed that the clothing industry's prices will not rise faster than the general price level. This is an important assumption because our consumer attitude research has suggested that if clothing prices do increase relative to other goods demand for clothing will be inhibited. Moreover, the import threat is in those sectors and those garments which are extremely price sensitive. Price increases in these sectors would probably result in large increases in imports, which, combined with a static or perhaps declining home market, must mean that many firms would be unable to survive.

The clothing industry is labour intensive and we expect the cost of labour to rise quite sharply in this country over the next decade. It follows therefore that to achieve price stability and maintain profitability the industry must obtain substantial improvements in its labour productivity. Moreover the industry has a declining labour force and in our discussions with clothing manufacturers it became apparent that many firms found that their production was limited by a shortage of skilled labour. The industry's apparent inability to retain and recruit sufficient labour of the required quality is probably the result of a whole complex of forces. On the other hand it seems likely that any successful attempt to halt the decline in the labour force must include increases in wages relative to the national average. This reinforces the need for the clothing industry to make substantial productivity advances.

Thus in order to evaluate likely price increases we had to consider the industry's costs, its productivity potential, and likely technological improvements. A detailed examination of all these factors was beyond the scope of our enquiry. But our research in the trade has enabled us to form views about likely developments in general terms. Our findings are supported by our extensive experience in the clothing industry and by certain indicative studies which have been made of the potential for productivity improvements, including the study of the shirt, trouser and jacket sectors, carried out for the EDC*.

We are therefore fairly confident that our conclusions are right, particularly since the rate of productivity improvements we think both necessary and feasible is in line with the industry's performance in the recent past. (For a fuller discussion see Appendix B).

TECHNOLOGICAL PROGRESS IN GARMENT MAKING

PREPARATION AND CUTTING

Materials handling

We expect greater use to be made of mechanical handling techniques to transport the wider and longer pieces of cloth which will become increasingly available from the cloth manufacturers. The benefits of using longer and wider cloths are most marked when they enable longer lays and permit improved materials utilisation. A secondary advantage may follow from increased labour productivity at the laying up and cutting stages, where bulk quantities are being cut.

Lay planning and marking

Lay planning techniques using miniature patterns are expected to improve productivity in the cutting room by permitting better cloth utilisation. Devices for reproducing lay markers may be associated with these techniques. Carbon, spirit duplicating, photo-copying and spray techniques will be used to reduce the time spent on the repetitive work of preparing the lay for cutting. The scope for these techniques is greatest where bulk production is possible, although the spray technique might substantially improve productivity where small quantities are involved, particularly in the manufacture of made-to-measure tailored outerwear.

Cutting methods

Existing types of cutting equipment will probably still be used during the next 10 years. Likely developments range from the more extensive use of mechanised cutters for single plies of material, to the die cutting of bulk quantities which will give greater spread and accuracy. Mobile bolt knives and computer controlled cloth cutting heads will probably be applied in the cutting rooms of larger manufacturing companies.

Computer controlled, wholly automated cutting could eventually become an economic proposition as a result of recent developments using laser beams and water jets as cutting instruments. These developments are designed to provide the accurate cutting required for more automated sewing techniques as well as to promote the more effective utilisation of labour in the cutting room.

Tension-free laying, together with electrically operated cutters should promote more accurate laying-up. This type of equipment could make an important contribution to increased productivity in the cutting room and provide the conditions required for more accurate cutting.

GARMENT CONSTRUCTION

Work aids

It is generally recognised that improved work aids for the sewing machinist to reduce the time and effort of handling material to and from work-places and during

*Attainable Production Targets, HMSO, 22s 6d.

sewing can make a major contribution to productivity. Work study techniques are increasingly being used to identify non-productive work and provide the basis for method changes and work aids which will reduce or eliminate it. Despite the growing awareness of the potential benefits there is probably still a large number of firms who have not yet been able to apply already existing techniques. We would expect a continued improvement in the application of pneumatic power, the use of needle positioners, and underbed thread trimmers. Machine tables designed to suit specific working conditions are likely to replace the standard rectangular table top, whilst planned utilisation of service labour and transporter control systems can ensure an even and effective flow of work to the operator.

Sewing aids

The potential importance of sewing aids is mainly in reducing the skills required to perform the assembly part of sewing, through, for example, the use of folders, jigs and machines with variable differential feeding mechanisms. We would expect profile stitching and automatic sequence machines to become more widely used.

Non-sewing methods of construction

Considerable research is being undertaken into the use of fusible materials, in an attempt to develop a process in which time, temperature and pressure are less critical than they are at present. This research is aimed at minimising the amount of specialist machinery required and, therefore, the cost of the process. If it is successful, it should lead to more general application of fusing techniques to replace stitching and operative skills.

We expect welded seams to be used increasingly for the construction of short seamed parts, patch pockets, button holes and buttons, cuffs and the attachment of labels and motifs. The need for thermoplastic materials and the number of electrodes required to cover style and design variations is likely to restrict more general application.

Finishing and pressing

It is thought that automatically controlled presses with varied pressing sequences will reduce the skill needed and increase productivity; and machines designed to combine three pressing operations will reduce the movement of work and improve labour utilisation at the pressing stage. The rising demand for garments with minimum care properties has resulted in the introduction of fabric finishes which require the use of special presses and curing ovens. The curing oven process is expensive, and it is expected that pressing equipment capable of applying the final setting to the garments will be developed to eliminate the need for curing ovens.

TECHNOLOGICAL PROGRESS IN CLOTH MAKING

There have been some important technological developments in knitting and further developments are expected (see Appendix B). Knitted fabrics are already in widespread use, particularly in women's wear; it has been estimated that over half the world production of women's wear is from knitted fabrics. We expect knitted fabrics to be used much more widely in men's outerwear in the next decade. The availability of knitting machine capacity will partly determine the penetration of knitted fabrics in this sector. On fabrics comparable to similar woven fabrics

an expected cost advantage of knitted over woven of up to 25 per cent in cotton-type fabrics could make a difference of approximately 7 per cent in the retail selling price if wholly passed on to the consumer. In woollen type cloths, however, technical progress in weaving may enable weaving to match cost reduction in knitting.

In weft knitting, faster machine speeds and more sophisticated pattern devices should tend to keep costs stable, at the same time allowing greater variety of fabrics for which there is likely to be a growing demand. Weft knitting to shape should give knitters a great advantage over makers-up of woven cloth.

POTENTIAL PRODUCTIVITY INCREASES

In order to assess the scope for productivity increases* we analysed the findings of a sample of about one hundred surveys of clothing manufacturers carried out by AIC recently, representative of a cross-section of different types of firm and product.

On this basis we conclude that the industry should be able to achieve increases of the order shown in Table 17, thus sustaining recent progress.

TABLE 17/FORECAST OF PRODUCTIVITY INCREASES, 1968-1978

<i>Sector</i>	<i>Productivity increase per cent 1968-78</i>
Men's outerwear	50
Men's innerwear	40
Women's outerwear	50
Women's innerwear	40
Children's wear	50

Source:

AIC estimates based on surveys of 100 manufacturers.

We think these productivity improvements will be attained with the aid of management consultants and of the technological developments described in the previous sections of this chapter. The potential for improvement may well be a great deal higher even than this. In the recent report for the Clothing EDC *Attainable Production Targets* it was stated that the typical clothing company could achieve a 50 per cent improvement through the application of existing techniques.

The 50 per cent improvement in productivity for the industry as a whole if achieved during the next 10 years would be sufficient for the clothing industry to keep price increases down to the general level of price inflation.

But failure to turn these achievable productivity improvements into actual increases in capacity and output will almost inevitably lead to higher imports and lost export opportunities. An industry's productivity performance is very much dependent on the quality of its labour in general, and of its management in particular. This reinforces the need for the industry to take active steps to recruit and retain skilled employees at all levels, including management.

FORECASTS OF COSTS AND PRICES

We forecast the following changes in costs:

(a) We forecast that earnings will have to increase in real terms by about 30 per cent by 1973 and 70 per cent by 1978 in order to remedy the present serious labour position, exemplified by the 2 per cent per year decline

* In this report productivity increases refer to labour productivity, ie, increases in production per unit of labour time.

in the labour force, the high labour turnover in the industry, the relatively large number of vacancies and the generally low level of skill possessed by the labour recruited. The campaign for competitive or equal pay between men and women, if it is successful presents another reason for expecting earnings in the clothing industry, which has a relatively large proportion of female labour, to rise rapidly. In our forecasts we have assumed that the main effects of the move to competitive pay will not be felt until after 1973.

These wage increases are very large and are about double the increases we anticipate for wages in general. Nonetheless we do expect them to take place. If, however, they do not increase thus, the labour force would probably continue to decline, and so would the capacity of the UK industry; this would lead to proportional increases in imports.

(b) Changes in material costs are likely to vary considerably from sector to sector and for each fibre and fabric type. We have assumed that material costs will rise between 10 and 20 per cent depending on the garment category over the period, allowing for some improvement in material utilisation by clothing manufacturers.

(c) We have assumed no changes in manufacturers' gross margins. No significant changes are expected in the proportion of the manufacturers' costs accounted for by selling costs (5-8 per cent distribution - carriage freight and warehousing (2-3 per cent) and depreciation (1-3 per cent)), although it is appreciated that some of these costs may change appreciably for individual manufacturers.

These assumptions about costs, together with the assumptions about productivity (see p 19) are the basis of our forecasts of prices (Table 18). Our conclusion is that price increases can be contained to the same sort of rate as the general price level.

TABLE 18/FORECAST OF CLOTHING PRICES, 1973 AND 1978

<i>Sector</i>	<i>1973 per cent (on 1968)</i>	<i>1978 per cent (on 1968)</i>
Men's outerwear	+14	+38
Women's outerwear	+15	+37
Men's innerwear	+14	+37
Women's innerwear	+13	+33
Children's wear	+14	+37

Source:
AIC forecasts.

These figures represent general forecasts and it is recognised that individual manufacturers' prices may change very differently. The forecasts do, however, provide an indication of the probable effect of the increase in productivity on the one hand, and of labour and other costs, on the other.

We forecast that the general level of retail prices will rise by about 17 per cent from 1968 to 1973 and by about 35 per cent from 1968 to 1978. These increases are similar to the ones forecast for clothing and, bearing in mind that there is a substantial margin of error inherent in this kind of forecasting, we have not adjusted our demand forecasts of clothing expenditure to reflect price changes. The only major relative price changes are in the categories of housing and alcoholic drink (upwards) and durables (downwards). This relative stability of future

clothing prices suggests that price changes are not likely to cause the pattern of expenditure on clothing to alter. But, as we have said before, if we are wrong, and if prices of UK made clothing do rise relative to other prices, the share of the UK market taken by UK manufacturers would fall and the consequences would be very serious, particularly in the innerwear sectors.

THE AVAILABILITY OF LABOUR

The clothing industry's labour force has declined steadily since 1962, as is shown in Table 19.

TABLE 19/DECLINE IN EMPLOYMENT IN THE CLOTHING INDUSTRY

<i>Year</i>	<i>Numbers in employment (thousands)</i>	<i>Index 1961=100</i>
1961	554	100
1962	554	100
1963	540	97
1964	530	96
1965	525	95
1966	520	94
1967	497	90

Note:

Based on data from the Department of Employment and Productivity Minimum List Headings 441-445, 446 and 448 plus an addition of 75,000 each year as the estimate of employees in knitted outerwear and knitted underwear. (Board of Trade figures are different.)

Our forecasts indicate that the supply of labour is critical to the industry's ability to meet the demand available to it at the price and quality required. Yet, research in the industry and in related industries and professions revealed that the reputation of the industry in the eyes of the outside world is still an impediment to the ready supply of employees at all levels. We are familiar, however, with examples of individual companies setting out to improve their image in a local labour market and succeeding in obtaining a much improved supply of labour. This has entailed better training schemes, improved manufacturing methods, better social conditions and higher pay based on increased productivity.

THE REPUTATION OF THE INDUSTRY

Rightly or wrongly the clothing industry does not seem to enjoy a good image. Uncomplimentary descriptive comments such as 'the rag trade' are still used despite the improvements in working conditions which have undoubtedly taken place. Perhaps these improvements have not been sufficiently widespread to affect the general image of the industry. An unfavourable industrial image and consequent inability to attract the most suitable labour force, is a world-wide problem apparent not only in most advanced industrial economies, the USA and Switzerland for example, but also in developing areas such as the West Indies.

Earnings are an important factor in an industry's image. The comparatively high level of skill and concentration required from skilled labour in the clothing industry arguably deserves a higher level of earnings. Easier work, often requiring little or no training, can be obtained at similar or even higher wage levels particularly on assembly operations in new industries. Earnings in the clothing and footwear industries are appreciably lower than in manufacturing industry generally as shown in Table 20.

TABLE 20/COMPARISON OF WEEKLY EARNINGS FOR MANUAL WORKERS

YEAR	MEN				WOMEN			
	<i>All manufacturing</i>		<i>Clothing and footwear</i>		<i>All manufacturing</i>		<i>Clothing and footwear</i>	
	s	d	s	d	s	d	s	d
April 1960 (=100)	296	4	251	5	145	2	140	5
GROWTH INDEX								
April 1961	106		107		105		105	
April 1962	109		111		108		108	
April 1963	112		114		113		112	
April 1964	123		123		121		122	
April 1965	131		129		127		126	
April 1966	142		140		137		138	
April 1967	143		145		141		143	
April 1968	154		154		151		151	

Source:

Department of Employment and Productivity.

The reputation of the industry generally for poor wages contrasts strongly with the aura of glamour surrounding the designing, modelling and creative functions within the industry. Justifiably or otherwise many potential employees also believe that the physical conditions in clothing factories are uncomfortable and arduous.

Career prospects are not sufficiently apparent to outsiders. Many educational authorities, parents and prospective employees consider that there is a general lack of effective formal training and career development schemes in the clothing industry.* Other industries where

career prospects are recognisable on the basis of formalised training and development schemes are consequently better able to attract the better quality recruits. Thus evidence of real career prospects in the clothing industry is essential for recruiting high quality labour and management talent. At present it appears that the industry does not project an attractive image to graduates and other persons with further education looking for challenging situations, nor to executives in other industries seeking advance and promotion: they seldom think of the clothing industry as an area of opportunities.

*In fact, the Clothing Institute examinations are by now well established. Approved courses are provided at the London College of Fashion and at Hollings College, Manchester for Parts I and II; and for Part I at a few other centres. We understand, however, that the total output of the courses is only 20-30 fully qualified people per year, trained both in management and clothing technology.

PART 2/THE PROSPECTS FOR INDIVIDUAL TYPES OF GARMENT

INTRODUCTION

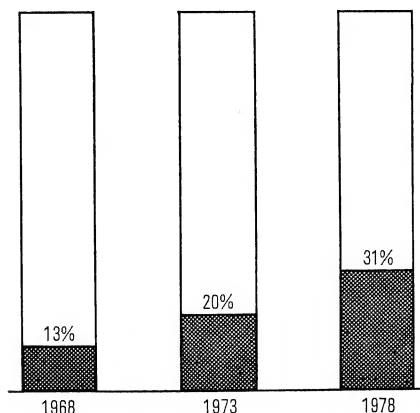
In this part of the report we have summarised the prospects for individual garment categories, and presented some background statistical material in each case. Many of the factors influencing the market for the individual garments have already been described in some detail in Part 1 where their influence on the clothing industry as a whole was explained. To avoid unnecessary repetition we have confined ourselves to a very brief summary of the factors affecting each garment type but taken care to draw attention to 'special cases' where the importance of a factor is particularly marked or a new factor has been introduced.

CHAPTER 7/SHIRTS

We forecast that UK demand for shirts will increase by 2 per cent pa from 1968 to 1973, and 2½ per cent pa from 1973 to 1978. This is a slightly slower growth rate than for clothing as a whole but faster than for other garments making up men's innerwear (nightwear and underwear).

Imports are expected to increase rapidly and by 1978 to hold 31 per cent of the home market by value (Chart 4). In the last 5 years the growth in imports has been substantial, and since 1966 there has been a dramatic increase in imports of knitted shirts made mainly from man-made fibre. This is shown in Chart 10. Most of these shirts came from Portugal at an average landed price of 9s 0d. As more than half the shirts sold in this country are nylon (Chart 7) this is an ominous looking development, and while we would not expect imports from Portugal to increase as rapidly as they have done in the last two years it seems almost inevitable that there will be further increases.

**CHART 4/PERCENTAGE OF UK MARKET
(BY SALES VALUE) HELD BY IMPORTS**



Source: AIC forecasts

Most of the competition from imports is at the cheap end of the market. The most rapidly growing part of domestic demand is likely to be for the higher priced fashion and leisure garments. There may be a case for more British firms concentrating on this end of the market rather than competing with low cost imports. Another alternative for the independent manufacturer with strong production control might be linking with one of the major multiples and supplying shirts to specification. Independent firms adopting neither of these courses will be very vulnerable and may not survive.

It is estimated that English Calico and Viyella control some 25-30 per cent of UK shirt production. Viyella alone is estimated to have over 20 per cent of the branded shirt market. Manufacturers controlled by groups have significant advantages in access to capital and management skills. These advantages provide an additional reason for thinking that the smaller independent manufacturers, without established brands and selling through the wholesale trade, will find it very difficult to hold their own.

In Part 1 of this report we concluded that it would be extremely difficult to increase the level of expenditure on clothes faster than the 2½ per cent per year forecast. For shirts this is probably less true than for most other garments. Greater variety in colours and texture is being introduced and, coupled with a determined marketing effort by the industry, could lead to a more rapid growth in home demand than we forecast in the first paragraph of this chapter. If there is additional growth it is most likely to come in the leisure market. At present we estimate leisure shirts are no more than 20 per cent of the total shirt market but this percentage will almost certainly increase in view of the forecasts of increased leisure time.

Shirts made from man-made fibres and blends account for over half the market. Warp knitted shirts account for about half of the market. Warp knitted, nylon shirts have experienced a very rapid growth rate and we expect the next 10 years will see growth slow down as saturation within the market is reached and cotton begins to reassert its natural advantages. Competition between warp knitted nylon shirting and polyester/cotton woven shirtings is expected to increase, with manufacturers increasingly subject to vigorous marketing efforts by the fibre and textile industries. Substantial investment has been made in the textile industry in capacity for weaving cotton/polyester blends; we believe that despite USA

**TABLE 21/TOTAL SALES BY UK SHIRT
MANUFACTURERS, 1968 ESTIMATED, 1973 AND
1978 FORECAST: CONSTANT 1968 PRICES**

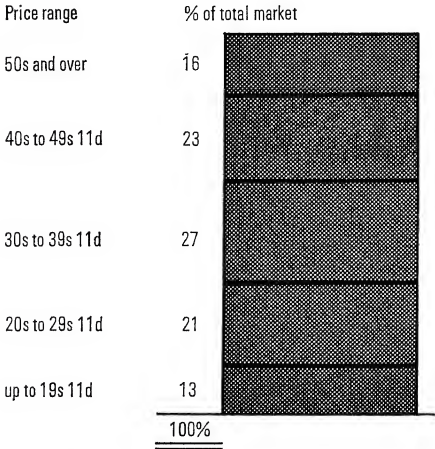
	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on shirts at retail prices	155	172	194
UK demand for shirts at manufacturers selling prices* Less imports	91 12	101 20	114 35
Total sales by UK manufacturers to UK customers Plus exports	79 3	81 4	79 5
TOTAL SALES BY UK MANUFACTURERS	82	85	84

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

experience this type of shirt may not increase its market share much above its present 6 per cent, even if, as is expected, easy-care properties are improved and prices reduced. While there is evidence that cotton/polyester blends are more comfortable, the antistatic problem has not yet been solved.

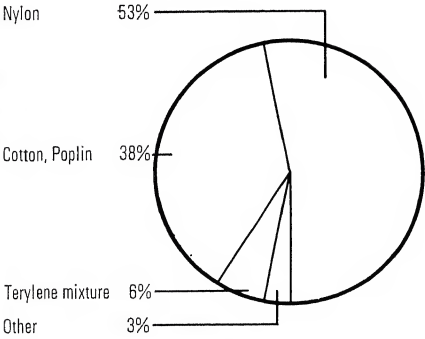
In virtually all price and quality ranges, real drip-dry and non-iron finishes will be mandatory.

CHART 5/THE UK SHIRT MARKET BY PRICE, 1966-7 AVERAGE



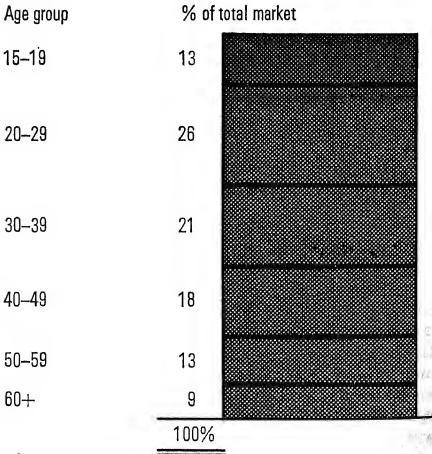
Source: ICI Fibres Limited

CHART 7/THE UK SHIRT MARKET BY MATERIAL (1968)



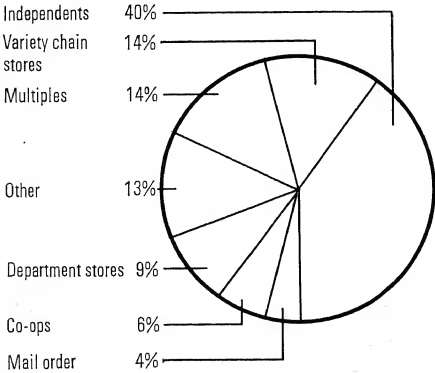
Source: ICI Fibres Limited

CHART 8/EXPENDITURE ON SHIRTS BY AGE GROUP (1967)



Source: ICI Fibres Limited

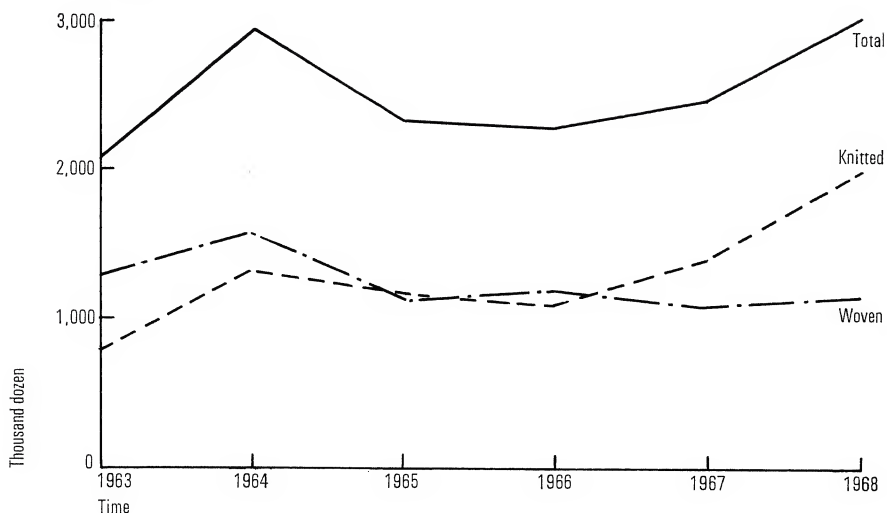
CHART 6/THE UK SHIRT MARKET BY RETAIL OUTLET (1967)



Source: ICI Fibres Limited

CHART 9/IMPORTS OF SHIRTS

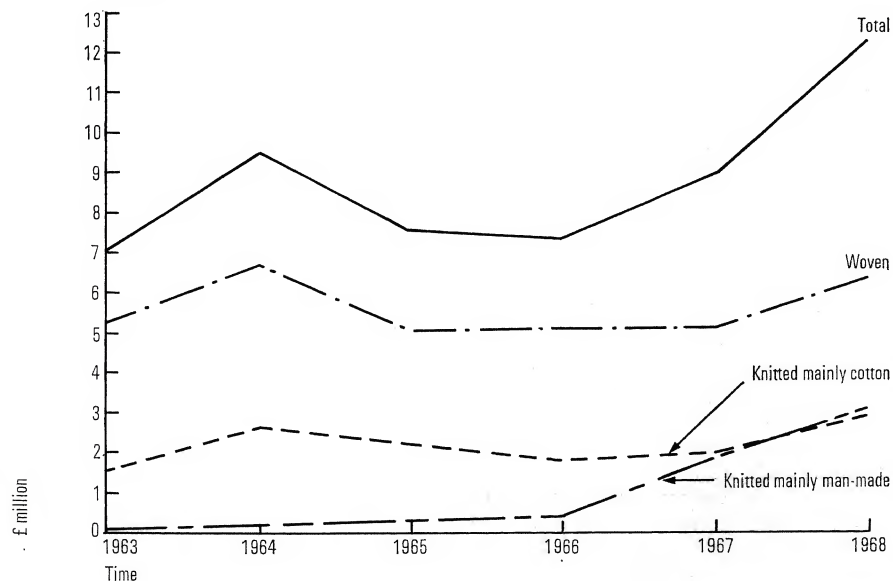
BY VOLUME



Source: Customs and Excise

CHART 10/IMPORTS OF SHIRTS

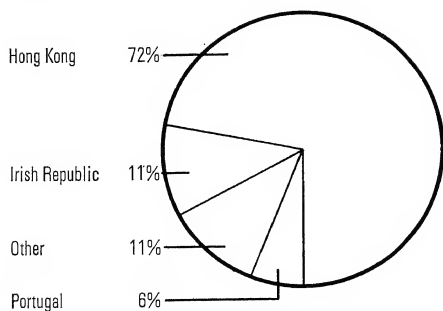
BY VALUE



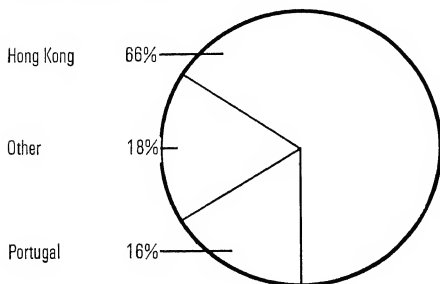
Source: Customs and Excise

CHART 11/**SOURCE OF IMPORTS 1968**
BY VOLUME

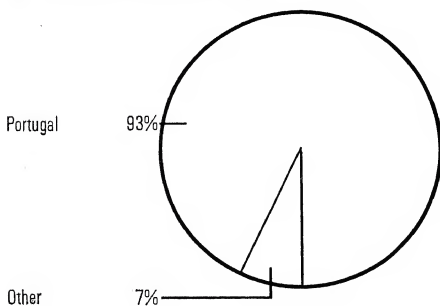
WOVEN



KNITTED MAINLY COTTON



KNITTED MAINLY MAN-MADE FIBRE



Source: Customs and Excise

CHAPTER 8/NIGHTWEAR: MALE

The pyjama market is growing very slowly, is extremely price sensitive, and therefore vulnerable to imports from low-cost countries, and there are few opportunities in export markets for British manufacturers.

We forecast a substantial threat from imports, which we expect to treble in value by 1978, and to increase their share of the UK market from 13 per cent in 1968 to 38 per cent in 1978. Hong Kong is the main source of imports; woven cotton pyjamas from Hong Kong account for over 50 per cent of the £2m of imports in 1968.

With an almost static home market and rapidly increasing imports the value of the UK industry's sales are expected to fall from £14m in 1968 down to £11m in 1978 (at 1968 prices). If our forecasts are correct the industry will be severely tested in the next decade.

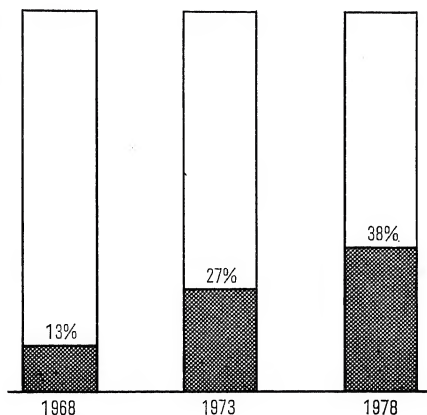
TABLE 22/TOTAL SALES BY UK MANUFACTURERS OF MALE NIGHTWEAR, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on male nightwear at retail prices	25	26	27
UK demand for male nightwear at manufacturers selling prices*	15	15	16
Less imports	2	4	6
Total sales by UK manufacturers to UK customers	13	11	10
Plus exports	1	1	1
TOTAL SALES BY UK MANUFACTURERS	14	12	11

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

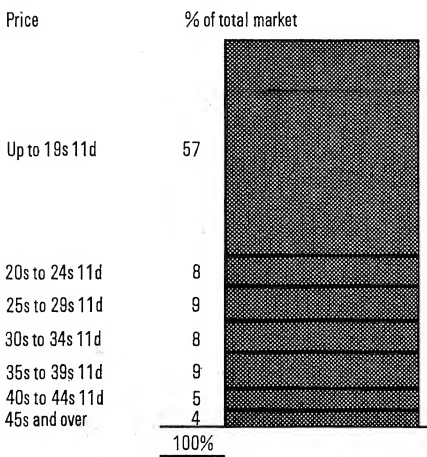
Source: AIC

CHART 12/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



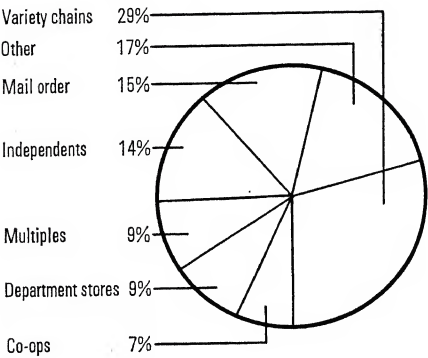
Source: AIC 'most likely' forecasts

CHART 13/THE UK PYJAMA MARKET BY PRICE (1967)



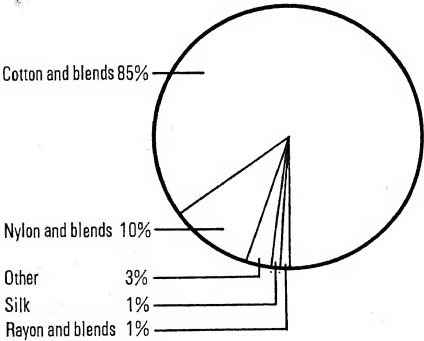
Source: ICI Fibres Limited

**CHART 14/THE UK PYJAMA MARKET BY
RETAIL OUTLET (1967)**



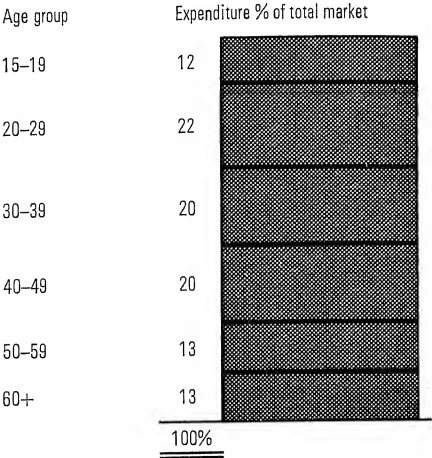
Source: ICI Fibres Limited

**CHART 15/THE UK PYJAMA MARKET BY
MATERIAL (1967)**



Source: ICI Fibres Limited

**CHART 16/EXPENDITURE ON PYJAMAS BY
AGE GROUP (1967)**



Source: ICI Fibres Limited

CHAPTER 9/MEN'S AND BOYS' UNDERWEAR

The underwear market is growing very slowly, is extremely price sensitive and therefore vulnerable to imports from low-cost countries and there are few opportunities in export markets for British manufacturers.

We expect imports to double by 1978 and to increase their share of the home market from 24 per cent in 1968 to 45 per cent in 1978. The net effect of our forecast of a nearly static home market, rapidly rising imports and very limited opportunities for exports would be a fall in the value of the UK industry's sales from £17m in 1968 to £13m in 1978. The overall picture presented is very similar to that for male nightwear in the previous section.

There should be considerable opportunities for some firms in disposable underwear, although its use is likely to be restricted to a relatively narrow segment of the market. The market for all disposables in the USA has risen from \$12m to \$76m in two years. (See Appendix A, p 78 and Appendix B, pp 84 and 86).

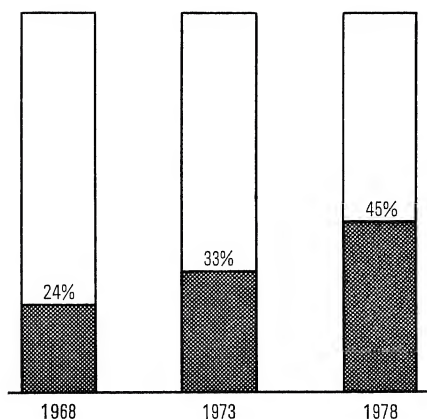
TABLE 23/TOTAL SALES BY UK MANUFACTURERS OF MEN'S AND BOYS' UNDERWEAR, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on men's and boys' underwear	35	36	37
UK demand at manufacturers selling prices*	21	21	22
Less imports	5	7	10
Total sales by UK manufacturers to UK customers	16	14	12
Plus exports	1	1	1
TOTAL SALES BY UK MANUFACTURERS	17	15	13

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

Source: AIC

CHART 17/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



Source: AIC 'most likely' forecasts

CHAPTER 10/WOMEN'S AND GIRLS' NIGHTWEAR AND UNDERWEAR

We forecast that expenditure on women's and girls' nightwear and underwear will increase at about the same rate as total clothing expenditure (2½ per cent each year) from 1968 to 1973.

During this period we see scope for expansion of the UK industry's sales despite fairly rapid increases in imports. In the second half of the ten year period under consideration, however, we think the increase in home demand will be much smaller (1 per cent each year) while imports will continue to increase rapidly. From 1973 to 1978 our forecasts of home demand, imports and exports imply practically no growth in the UK industry's total sales. It therefore seems likely to us that the problems currently and in the immediate future afflicting men's nightwear and underwear (see Chapters 8 and 9), will reach women's underwear and nightwear by the end of the next decade. It is possible that the much greater penetration of synthetics into women's underwear and nightwear provides a partial reason for the relatively successful resistance of imports so far.

As in the case of men's underwear there may be scope for some firms in disposable underwear aimed at a relatively narrow segment of the market, although we think the market for conventional underwear will be only affected very slightly.

The importance of young women as purchasers of these garments should be noted. Women aged 15 to 29 already account for almost half of the total market and most of the population increase is expected to be in that age group. This is an important reason why we expect UK demand to be more buoyant for women's nightwear and underwear than for the corresponding men's garments.

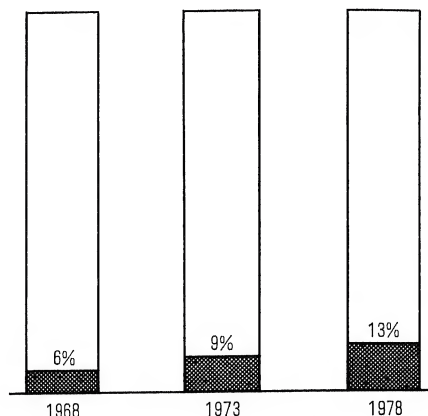
TABLE 24/TOTAL SALES BY UK MANUFACTURERS OF WOMEN'S AND GIRLS' NIGHTWEAR AND UNDERWEAR, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on women's and girls' nightwear and underwear	132	147	157
UK demand at manufacturers selling prices*	78	88	92
Less imports	5	8	12
Total sales by UK manufacturers to UK customers	73	80	80
Plus exports	2	4	5
TOTAL SALES BY UK MANUFACTURERS	75	84	85

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

Source: AIC

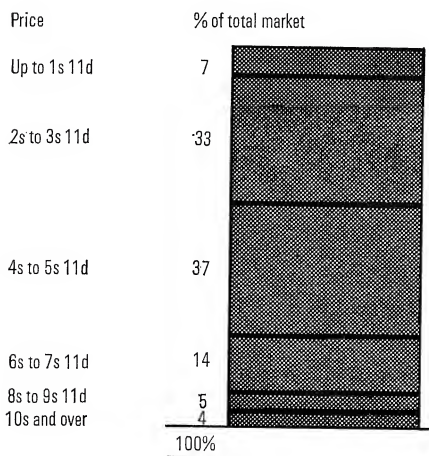
CHART 18/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



Source: AIC 'most likely' forecasts

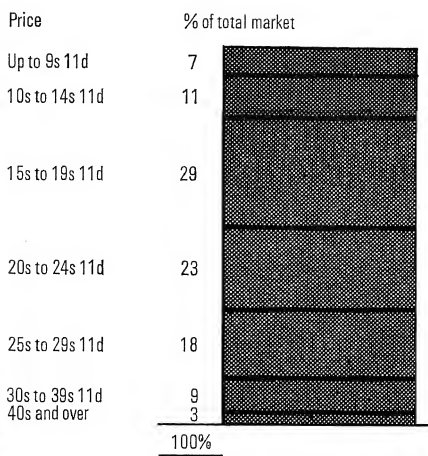
CHARTS 19-22/**THE UK MARKET FOR
WOMEN'S AND GIRLS'
NIGHTWEAR AND
UNDERWEAR BY PRICE (1967)**

CHART 19/**PANTS, BRIEFS AND KNICKERS**



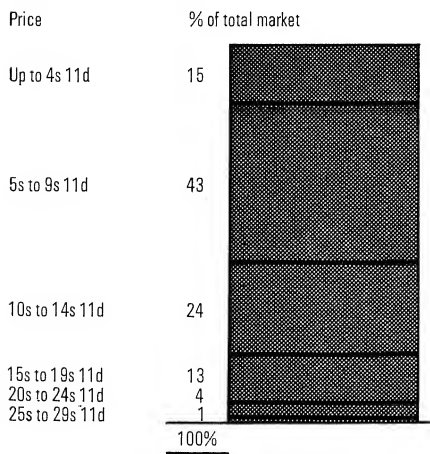
Source: ICI Fibres Limited

CHART 21/**FULL SLIPS**



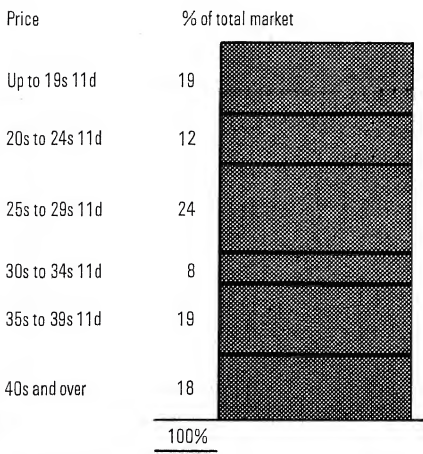
Source: ICI Fibres Limited

CHART 20/**WAIST SLIPS**



Source: ICI Fibres Limited

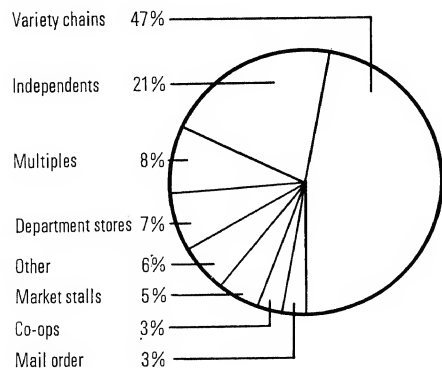
CHART 22/**NIGHTWEAR**



Source: ICI Fibres Limited

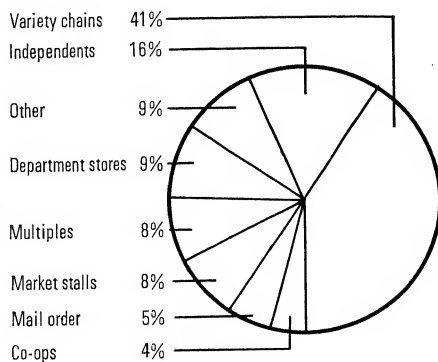
CHARTS 23-26/**WOMEN'S AND GIRLS' NIGHTWEAR AND UNDERWEAR MARKET BY RETAIL OUTLET (1967)**

CHART 23/**PANTS, BRIEFS AND KNICKERS**



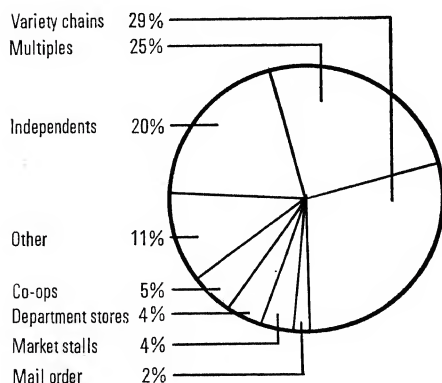
Source: ICI Fibres Limited

CHART 25/**FULL SLIPS**



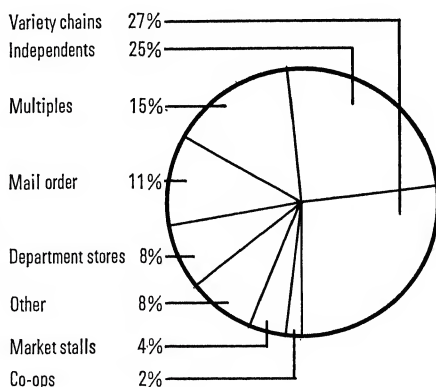
Source: ICI Fibres Limited

CHART 24/**WAIST SLIPS**



Source: ICI Fibres Limited

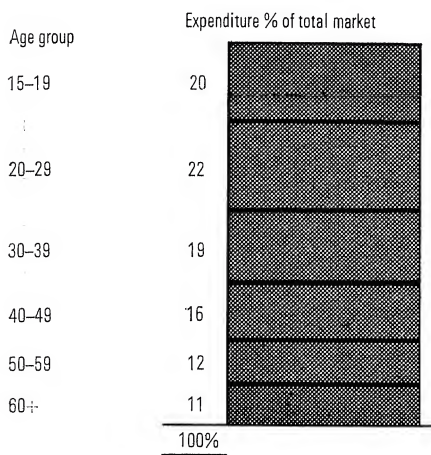
CHART 26/**NIGHTWEAR**



Source: ICI Fibres Limited

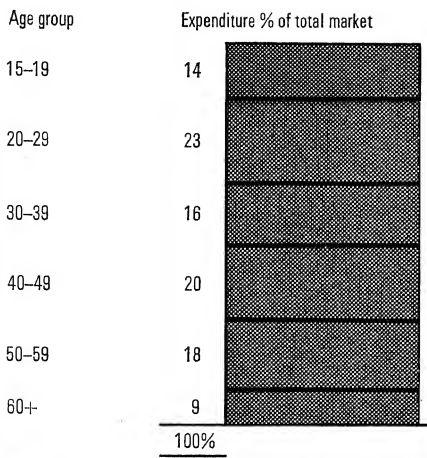
CHARTS 27-30/**EXPENDITURE ON WOMEN'S AND GIRLS'
NIGHTWEAR AND UNDERWEAR
BY AGE GROUP (1967)**

CHART 27/**PANTS, BRIEFS AND KNICKERS**



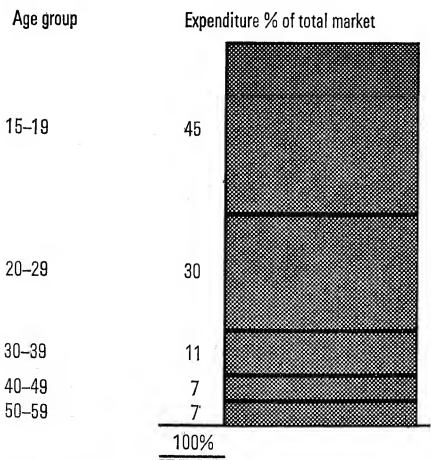
Source: ICI Fibres Limited

CHART 29/**FULL SLIPS**



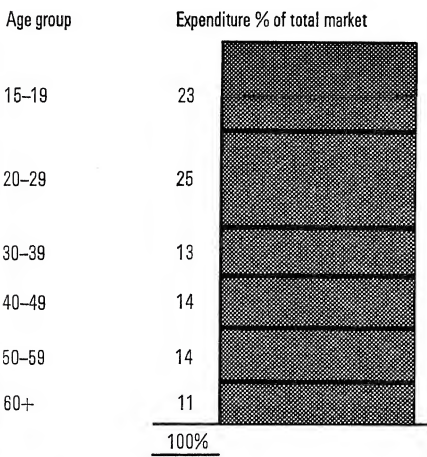
Source: ICI Fibres Limited

CHART 28/**WAIST SLIPS**



Source: ICI Fibres Limited

CHART 30/**NIGHTWEAR**



Source: ICI Fibres Limited

CHAPTER 11/MEN'S AND BOYS' OVERCOATS

Moderate growth in consumer expenditure on men's and boys' overcoats is forecast: about 25 per cent over the whole decade (2½ per cent each year on average). A number of social changes is taking place and influencing the demand for overcoats away from the formal styles and towards lighter and more casual styles. The most important of these are increased leisure time, more car ownership and a general increase in fashion consciousness among men. We expect demand for formal coats to decline by about 2 per cent per year, but for casual styles to increase by some 3 per cent each year. Assisted by the trend to more casual styles and a slight cost advantage over woven fabrics we expect knitted fabrics to achieve some penetration in this field to a limited extent. Imports are low and expected to stay low. We feel, however, that there is scope for higher exports, particularly of medium priced garments to EFTA and higher quality coats to the EEC and the USA.

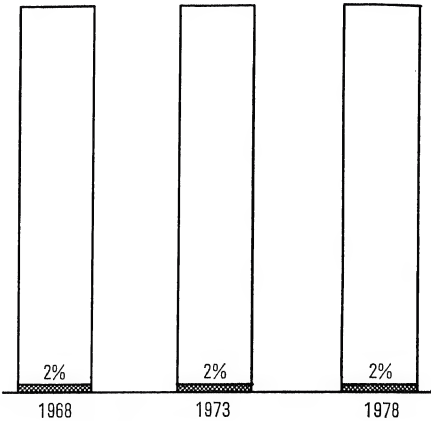
TABLE 25/TOTAL SALES BY UK MANUFACTURERS OF MEN'S AND BOYS' OVERCOATS, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on men's and boys' overcoats	35	38	43
UK demand at manufacturers selling prices*	21	22	25
Less imports	under ½	under ½	under ½
Total sales by UK manufacturers to UK customers	21	22	25
Plus exports	2	2	3
TOTAL SALES BY UK MANUFACTURERS	23	24	28

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

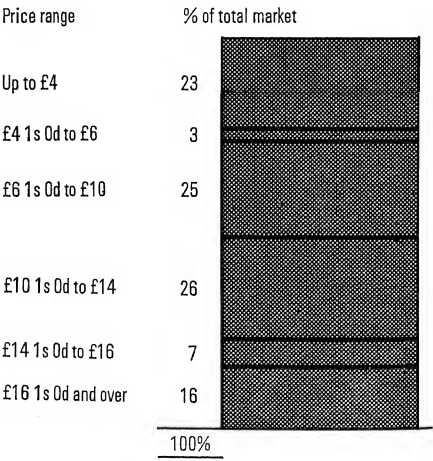
Source: AIC

CHART 31/PERCENTAGE OF THE UK MARKET (BY SALES VALUE) HELD BY IMPORTS



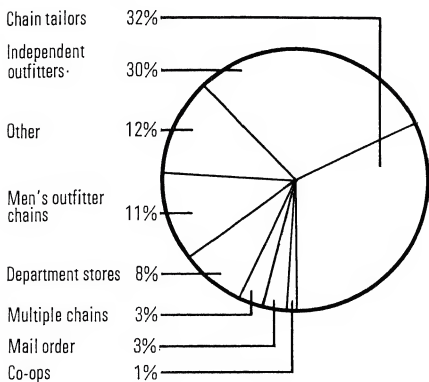
Source: AIC 'most likely' forecasts

CHART 32/THE UK MEN'S COAT MARKET BY PRICE (1967)



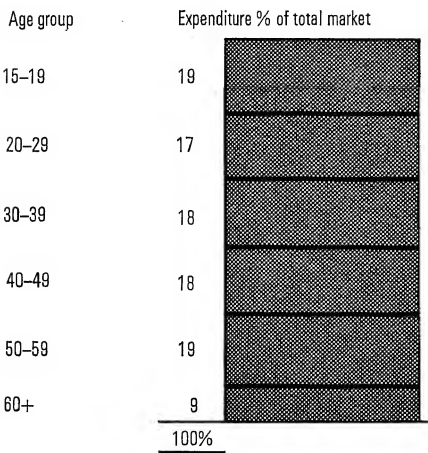
Source: ICI Fibres Limited

**CHART 33/ THE UK MEN'S COAT MARKET
BY RETAIL OUTLET (1967)**



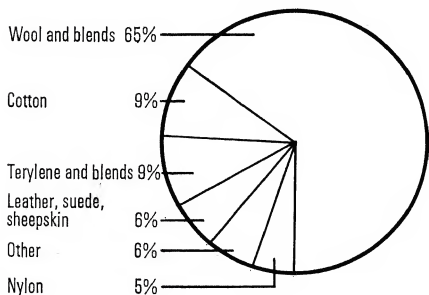
Source: ICI Fibres Limited

**CHART 35/ EXPENDITURE ON MEN'S COATS
BY AGE GROUP (1967)**



Source: ICI Fibres Limited

**CHART 34/ THE UK MEN'S COAT MARKET
BY MATERIAL (1967)**



Source: ICI Fibres Limited

CHAPTER 12/MEN'S AND BOYS' TROUSERS

The trouser market is forecast to grow rather faster than the market for clothing as a whole, 3 per cent per year from 1968-73 and 3½ per cent from 1973-78 compared with 2½ per cent each year 1968-78 for all clothing. The main reasons for this are as follows:

(a) Young men aged 15-29 already account for 60 per cent of total expenditure on men's trousers. We forecast a substantial increase in the number of men in this age group which is more likely than others to increase its expenditure on clothing as incomes increase.

(b) Increasing leisure and fashion consciousness, particularly among younger men, is expected to result in a large increase in the demand for casual trousers.

Despite the relatively rapid growth in consumer expenditure (40 per cent, 1968-78) sales by the UK industry are only forecast to increase by 10 per cent over the 10 year period. This is because we forecast a very rapid increase in imports and small growth in exports, at least in absolute terms.

Imports are expected to treble over the next decade, and their share of the UK market to rise from 15 per cent in 1968 to 32 per cent in 1978. There is some evidence that imports from low-cost countries are improving significantly in quality, and we feel that trousers and jackets may be the next garment groups affected by increases in imports, especially in cheaper, more casual styles.

Substantial penetration by knitted fabrics is expected. ICI forecast that they will sell ¼ million Crimplene trousers in 1969. This is still, very roughly, only about 2 per cent of the market by volume, but as remaining technical problems are overcome knitted trousers should begin to increase their market share quite rapidly.

The trouser sector might well be the target of forward integration by supplying industries. There is an expanding market and yet the industry is fragmented and potentially vulnerable to imports. Structural changes within the industry could help resist imports and ensure that a larger part of the expanding market is won.

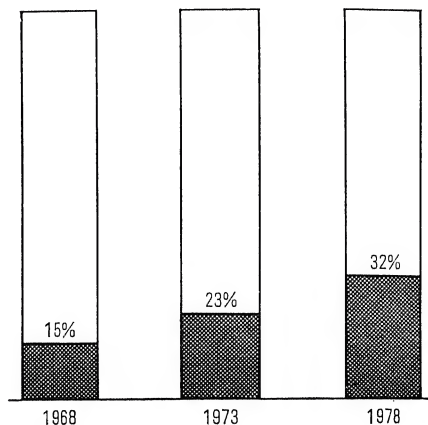
TABLE 26/TOTAL SALES BY UK MANUFACTURERS, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on men's and boys' trousers	115	133	159
UK demand at manufacturers selling prices*	68	78	94
Less imports	10	18	30
Total sales by UK manufacturers to UK customers	58	60	64
Plus exports	1	1	2
TOTAL SALES BY UK MANUFACTURERS	59	61	66

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

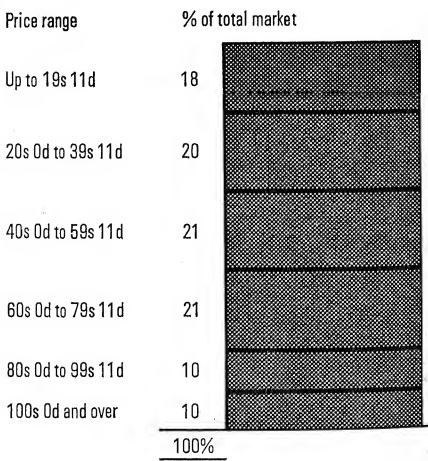
Source: AIC

CHART 36/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



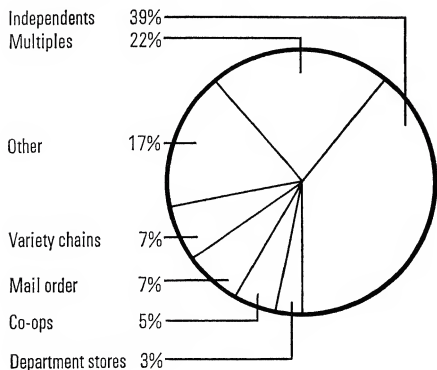
Source: AIC 'most likely' forecasts

CHART 37/THE UK MARKET FOR MEN'S TROUSERS BY PRICE (1967)



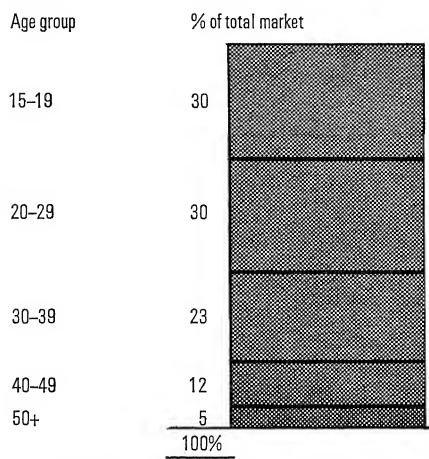
Source: ICI Fibres Limited

CHART 38/THE UK MARKET FOR MEN'S TROUSERS BY RETAIL OUTLET (1967)



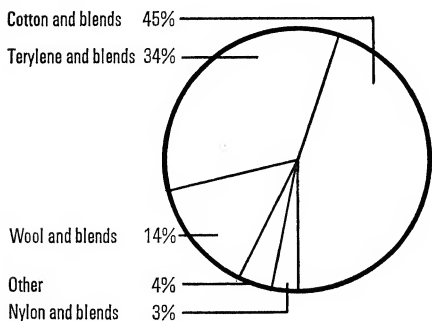
Source: ICI Fibres Limited

CHART 40/EXPENDITURE ON TROUSERS BY AGE GROUP (1967)



Source: ICI Fibres Limited

CHART 39/THE UK MARKET FOR MEN'S TROUSERS BY MATERIAL (1967)



Source: ICI Fibres Limited

CHAPTER 13/MEN'S AND BOYS' SUITS

We forecast that growth in demand will be similar to that for all clothing, $2\frac{1}{2}$ per cent per year or about 30 per cent over the decade.

Neither imports nor exports are significant factors in this sector, and although we forecast that imports will double and exports treble by 1978 this is from such a low base that they will be of small significance overall. The export figures contained in Table 27 exclude the substantial bespoke trade for visitors to the UK and, as with all clothing exports, parcel post.* Nevertheless we think there is a potentially high export demand for men's suits which enjoy a good reputation in foreign markets, particularly at the quality end of the trade. Considerable potential also exists in exporting British know-how, experience and cloth for the medium and lower priced sections of the trade, as Burtons have shown in France.

We expect a major development in the home trade to be the marketing of knitted suits probably with welded seams. There are technical problems at the moment, but so much research is currently being devoted to them by firms which seem confident of ultimate success in producing technically satisfactory products at an acceptable price, that their solution seems to us to be highly probable. By 1978 a market share of between 10 per cent and 20 per cent is quite feasible.

*See Appendix D, p 98.

TABLE 27/TOTAL SALES BY UK MANUFACTURERS, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on men's and boys' suits	205	232	269
UK demand at manufacturers selling prices*	121	136	158
Less imports	1	2	3
Total sales by UK manufacturers to UK customers	120	134	155
Plus exports	2	3	4
TOTAL SALES BY UK MANUFACTURERS	122	137	159

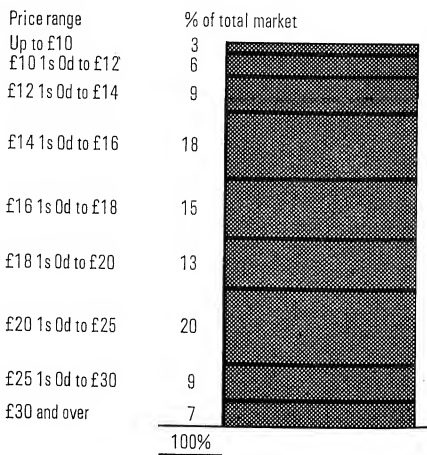
*Assumed to be about 60 per cent of the value of UK consumer expenditure.
Source: AIC

CHART 41/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



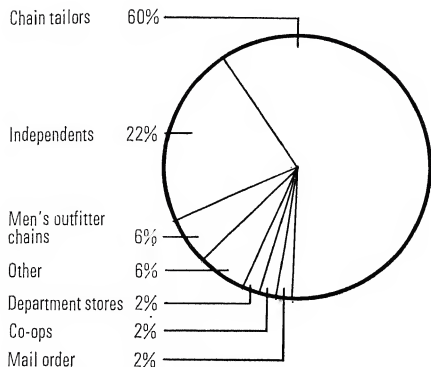
Source: AIC 'most likely' forecasts

CHART 42/THE UK MARKET FOR MEN'S SUITS BY PRICE (1967)



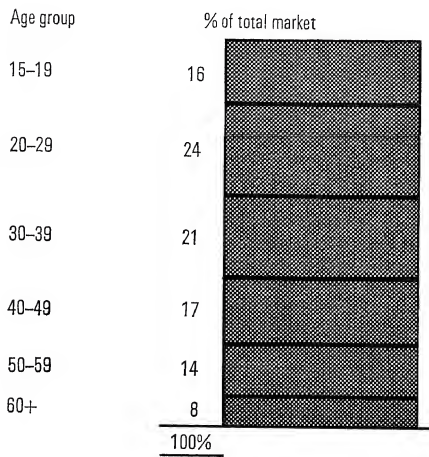
Source: ICI Fibres Limited

**CHART 43/ THE UK MARKET FOR MEN'S SUITS
BY RETAIL OUTLET (1967)**



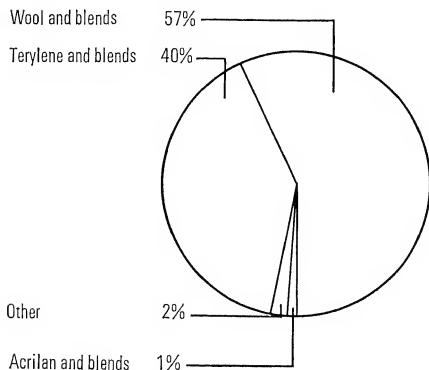
Source: ICI Fibres Limited

**CHART 45/ EXPENDITURE ON MEN'S SUITS
BY AGE GROUP (1967)**



Source: ICI Fibres Limited

**CHART 44/ THE UK MARKET FOR MEN'S SUITS
BY MATERIAL (1967)**



Source: ICI Fibres Limited

CHAPTER 14/MEN'S AND BOYS' KNITWEAR

The men's knitwear market is forecast to increase by between 2½ per cent and 3 per cent each year from 1968 to 1978. This is broadly in line with the forecast for all clothing.

Consumer expenditure on knitwear in the UK is forecast to be 31 per cent higher by 1978, but sales by the UK industry are expected to be 40 per cent over present levels because of export growth. We forecast exports by 1978 will be some 44 per cent of total UK production compared with 26 per cent in 1968. But imports are also expected to increase rapidly. We think they may almost treble, and increase their share of the UK market from 16 per cent to 33 per cent by 1978. This is a serious threat, if we are right, to manufacturers of the lower and medium priced garments.

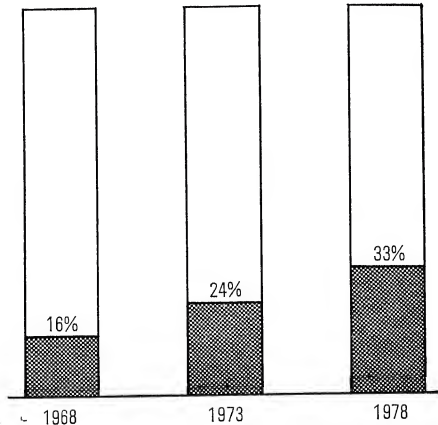
TABLE 28/TOTAL SALES BY UK MANUFACTURERS, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on men's and boys' knitwear	75	85	98
UK demand at manufacturers selling prices*	44	50	58
Less imports	7	12	19
Total sales by UK manufacturers to UK customers	37	38	39
Plus exports	13	22	31
TOTAL SALES BY UK MANUFACTURERS	50	60	70

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

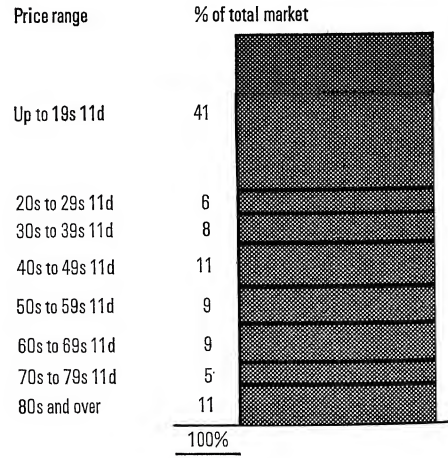
Source: AIC

CHART 46/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



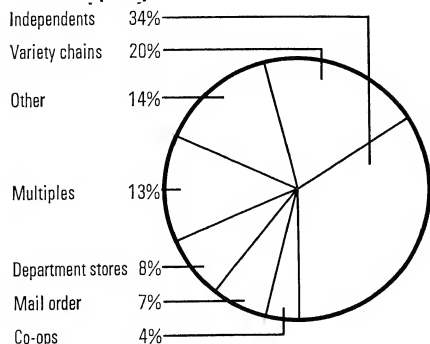
Source: AIC 'most likely' forecasts

CHART 47/THE UK MARKET FOR MEN'S KNITWEAR BY PRICE (1967)



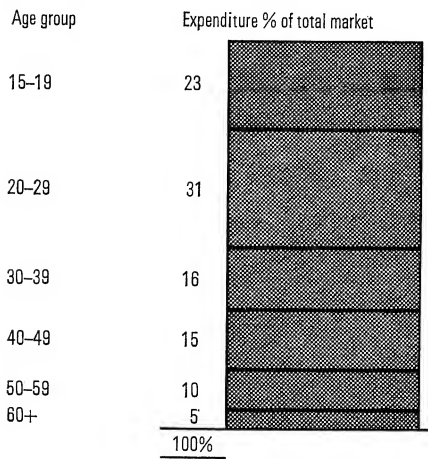
Source: ICI Fibres Limited

**CHART 48/ THE UK MARKET FOR MEN'S
KNITWEAR BY RETAIL OUTLET
(1967)**



Source: ICI Fibres Limited

**CHART 49/ EXPENDITURE ON MEN'S
KNITWEAR BY AGE GROUP (1967)**



Source: ICI Fibres Limited

CHAPTER 15/MEN'S AND BOYS' JACKETS AND WAISTCOATS

Expenditure on jackets and waistcoats is forecast to grow more slowly (1 per cent per year on average) than clothing as a whole (2½ per cent) to 1978. The main reason for the relatively slow growth rate is the expectation that knitted wear will continue to gain at the expense of jackets.

Imports are expected to treble over the next decade and to increase their share of the home market from 11 per cent in 1968 to 33 per cent in 1978. Taking into account the modest expected increase in exports the total available market for UK manufacturers will decline, if our forecasts come out, by 10 per cent over the next decade.

Some penetration by the knitted jacket is expected. The argument for this conclusion is similar to that already given in the sections on trousers and men's suits (see Chapters 12 and 13).

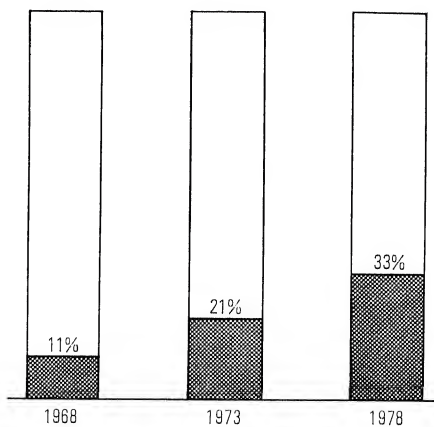
TABLE 29/TOTAL SALES BY UK MANUFACTURERS, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on men's and boys' jackets and waistcoats	60	63	66
UK demand at manufacturers selling prices*	35	37	39
Less imports	4	8	13
Total sales by UK manufacturers to UK customers	31	29	26
Plus exports	2	3	4
TOTAL SALES BY UK MANUFACTURERS	33	32	30

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

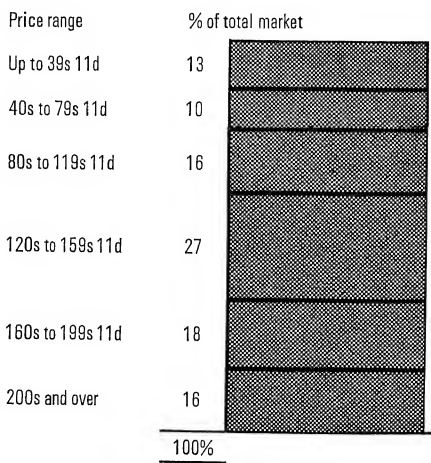
Source: AIC

CHART 50/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



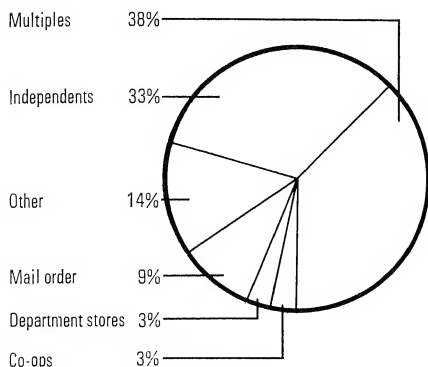
Source: AIC 'most likely' forecasts

CHART 51/THE UK MARKET FOR MEN'S JACKETS BY PRICE (1967)



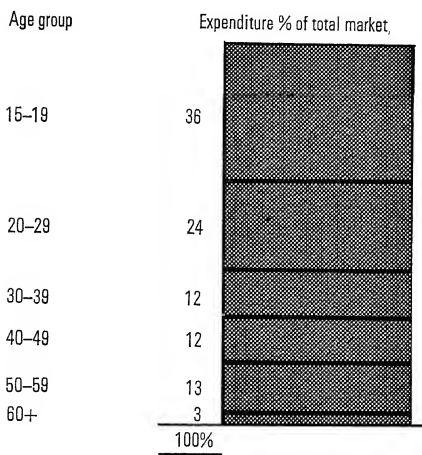
Source: ICI Fibres Limited

CHART 52/THE UK MARKET FOR MEN'S JACKETS BY RETAIL OUTLET (1967)



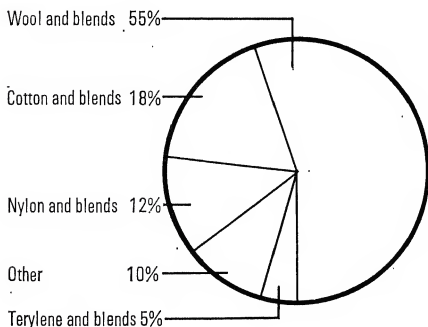
Source: ICI Fibres Limited

CHART 54/EXPENDITURE ON MEN'S JACKETS BY AGE GROUP (1967)



Source: ICI Fibres Limited

CHART 53/THE UK MARKET FOR MEN'S JACKETS BY MATERIAL (1967)



Source: ICI Fibres Limited

CHAPTER 16/**WOMEN'S AND GIRLS' OVERCOATS**

Expenditure on women's coats is forecast to increase by between 3 per cent and 4 per cent each year to 1978. This implies an increase in home demand of about 40 per cent, but because we expect rapid growth in exports and very little competition from imports, sales by UK manufacturers including exports are forecast to increase by about 50 per cent.

Exports are expected to treble by 1978 when they should account for some 12 per cent of home production, compared with 5½ per cent in 1968. We think the main opportunities will arise for quality garments in EFTA.

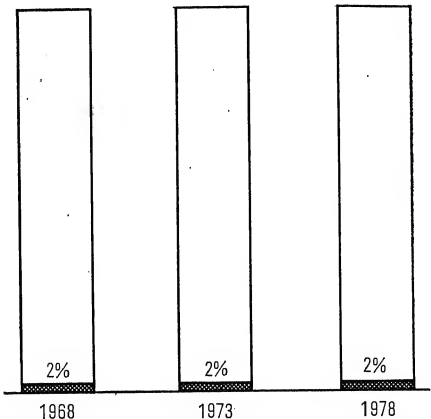
In the home market we expect a continuation of the trend towards more casual styles. The importance of young women in the market is an important factor in the higher growth rate we are expecting in this sector. Women between 15 and 29 account for almost half of all expenditure on women's coats. The number of women in this age group is expected to increase.

TABLE 30/TOTAL SALES BY UK MANUFACTURERS, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on women's and girls' overcoats	205	238	289
UK demand at manufacturers selling prices*	121	140	170
Less imports	2	3	4
Total sales by UK manufacturers to UK customers	119	137	166
Plus exports	7	15	22
TOTAL SALES BY UK MANUFACTURERS	126	152	188

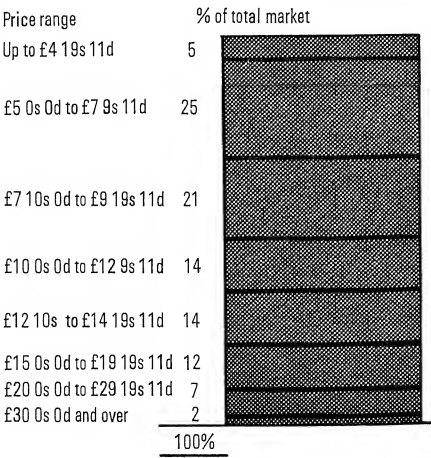
*Assumed to be about 60 per cent of the value of UK consumer expenditure.
Source: AIC

CHART 55/PERCENTAGE OF THE UK MARKET (BY SALES VALUE) HELD BY IMPORTS



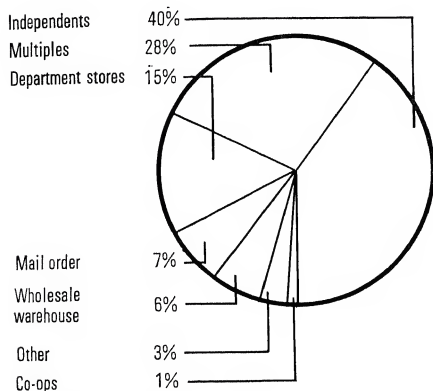
Source: AIC 'most likely' forecasts

CHART 56/THE UK MARKET FOR WOMEN'S COATS BY PRICE (1967)



Source: ICI Fibres Limited

CHART 57/THE UK MARKET FOR WOMEN'S COATS BY RETAIL OUTLET (1967)



Source: ICI Fibres Limited

CHART 58/EXPENDITURE ON WOMEN'S COATS BY AGE GROUP (1967)



Source: ICI Fibres Limited

CHAPTER 17/**WOMEN'S AND GIRLS' COSTUMES AND SUITS**

We expect a continued decline in UK consumer expenditure on women's costumes and suits. A decline of 10 per cent over the next 10 years is forecast, compared with an increase of 43 per cent for women's outerwear as a whole and 29 per cent for all clothing. We expect the decline to take place in the period to 1973 and thereafter we expect demand to be stable.

Substantial increases in both imports and exports are forecast. Imports are expected to increase more than two-fold, increasing their share of the home market from 8 per cent in 1968 to 21 per cent in 1978. Exports are forecast to increase nearly five-fold and to account for about 40 per cent of total UK production by 1978. As with most other outerwear garments prospects are best in Western Europe and North America for relatively high quality garments.

Because of the expected increases in exports, sales of UK manufacturers should show modest increases despite the decline in the home market. Clearly, however, those firms not organised to take advantage of export opportunities are likely to experience a very difficult period especially during the next five years.

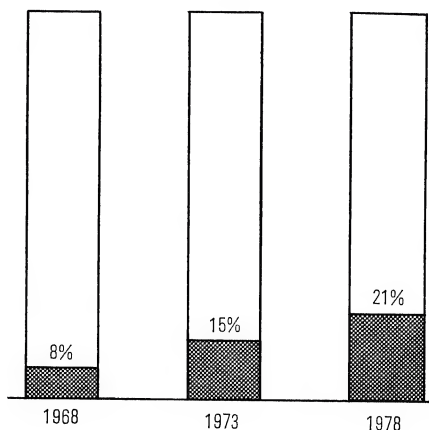
TABLE 31/TOTAL SALES BY UK MANUFACTURERS, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on women's and girls' costumes and suits	110	99	99
UK demand at manufacturers selling prices*	65	58	58
Less imports	5	8	12
Total sales by UK manufacturers to UK customers	60	50	46
Plus exports	6	16	29
TOTAL SALES BY UK MANUFACTURERS	66	66	75

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

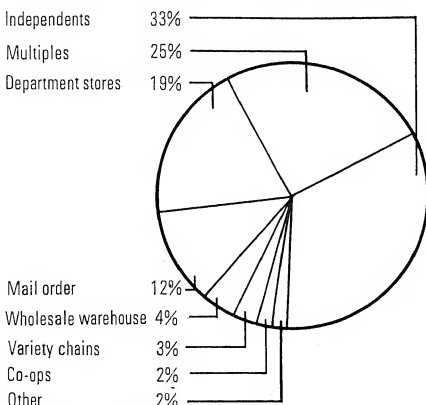
Source: AIC

CHART 59/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



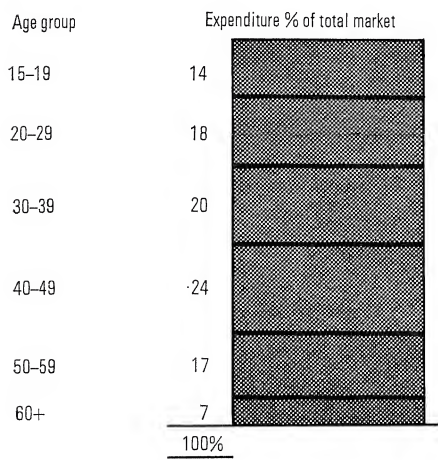
Source: AIC 'most likely' forecasts

CHART 60/THE UK MARKET FOR WOMEN'S SUITS BY RETAIL OUTLET (1967)



Source: ICI Fibres Limited

**CHART 61/PERCENTAGE OF WOMEN'S SUITS
BOUGHT BY AGE GROUP (1967)**



Source: ICI Fibres Limited

CHAPTER 18/WOMEN'S AND GIRLS' DRESSES

We expect the dress market in the UK to expand by between 4 per cent and 5 per cent each year on average, almost twice as fast as the demand for clothing as a whole. Over the ten years to 1978, UK demand for dresses will increase by 55 per cent if our forecast is correct.

We also expect a substantial increase in exports, rising from an estimated £13m in 1968 to a forecast £47m in 1978. Imports are also forecast to grow rapidly but from a low base, and they are only expected to account for 9 per cent of the UK market by 1978.

Taking exports and imports into account our forecasts imply an increase in the total sales of the UK industry of about 70 per cent over the period, 1968-78.

As in the case of women's overcoats, young women aged between 15 and 29 are a very large part of the market. Almost 50 per cent of the total expenditure on dresses is by women in this age group. The above average growth in expenditure which we expect for this garment category is partly explained by the growing population, their fashion consciousness and the likelihood of their spending additional income on clothes.

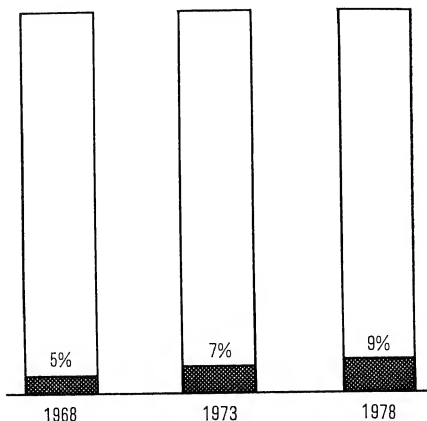
TABLE 32/TOTAL SALES BY UK MANUFACTURERS, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure in women's and girls' dresses	230	281	357
UK demand at manufacturers selling prices*	135	165	210
Less imports	7	11	18
Total sales by UK manufacturers to UK customers	128	154	192
Plus exports	13	32	47
TOTAL SALES BY UK MANUFACTURERS	141	186	239

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

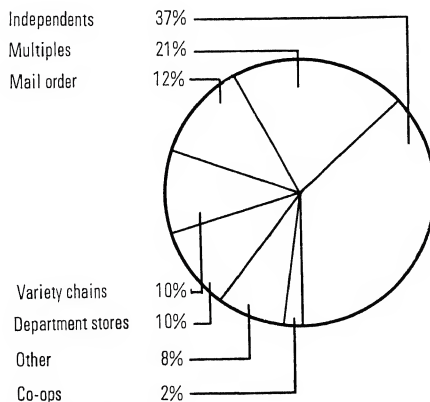
Source: AIC

CHART 62/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



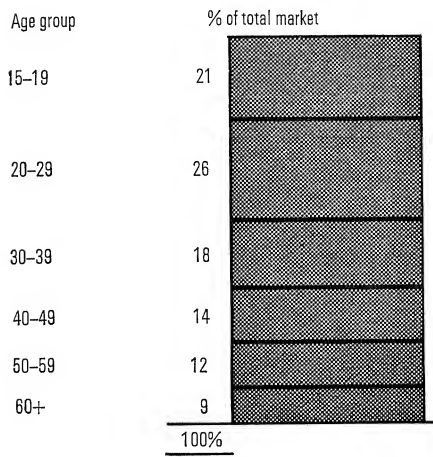
Source: AIC 'most likely' forecasts

CHART 63/THE UK DRESS MARKET BY RETAIL OUTLET (1967)



Source: ICI Fibres Limited

**CHART 64/ANALYSIS OF DRESS MARKET BY
AGE GROUP (1967)**



Source: ICI Fibres Limited

CHAPTER 19/**WOMEN'S AND GIRLS' KNITWEAR**

UK demand is forecast to increase by 4 per cent to 5 per cent on average each year from 1968 to 1978. Over the whole ten year period expenditure is, therefore, forecast to rise by about 55 per cent.

Both exports and imports are expected to increase by about 50 per cent over the whole period. Exports of women's knitwear are already substantial at 16½ per cent of the industry's total sales and because of this we do not expect such a rapid growth rate as in some of the other women's outerwear sectors. Nevertheless our forecast implies that exports will account for 18 per cent of the industry's sales by 1978. Another factor which we think may limit the industry's expansion in exports is fierce competition in export markets from Italian medium priced knitwear. As with other outerwear exports the best prospects for British manufacturers are likely to be in high quality garments for the North American and Western European markets.

Factors affecting the home market are also similar to those affecting outerwear in general. The main factors are the high proportion of garments bought by young women and the trend towards casual garments, associated with a number of social changes which were discussed in Part 1 of the report.

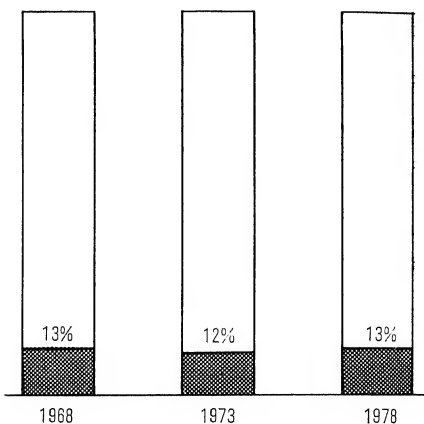
TABLE 33/TOTAL SALES BY UK MANUFACTURERS, 1968 ESTIMATED, 1973 AND 1978 FORECAST; CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on women's and girls' knitwear	105	128	163
UK demand at manufacturers selling prices*	62	75	96
Less imports	8	9	13
Total sales by UK manufacturers to UK customers	54	66	83
Plus exports	11	14	18
TOTAL SALES BY UK MANUFACTURERS	65	80	101

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

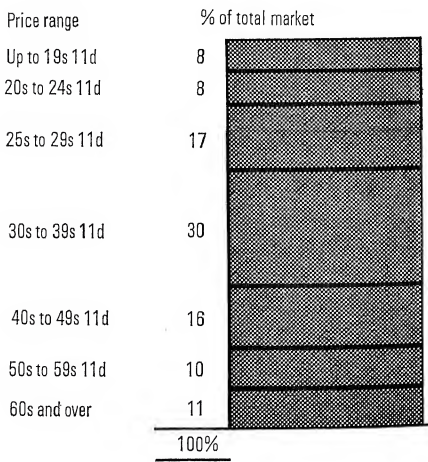
Source: AIC

CHART 65/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



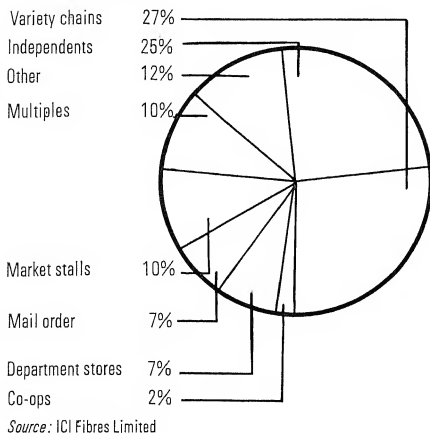
Source: AIC 'most likely' forecasts

CHART 66/THE UK MARKET FOR WOMEN'S KNITWEAR BY PRICE (1967)

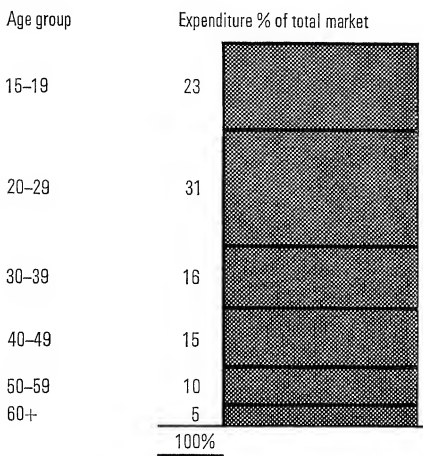


Source: ICI Fibres Limited

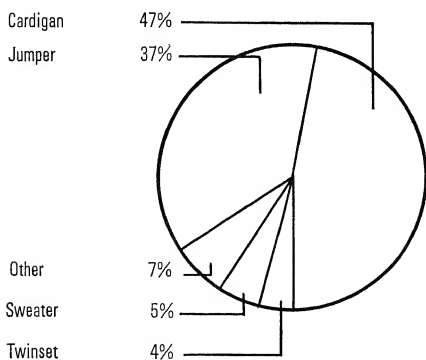
**CHART 67/ THE UK MARKET FOR WOMEN'S
KNITWEAR BY RETAIL OUTLET
(1967)**



**CHART 69/ EXPENDITURE ON WOMEN'S
KNITWEAR BY AGE GROUP (1967)**



**CHART 68/ THE UK MARKET FOR WOMEN'S
KNITWEAR BY TYPE OF GARMENT
(1967)**



CHAPTER 20/WOMEN'S AND GIRLS' SEPARATES

Separates includes jackets, skirts, slacks and blouses.

We forecast that UK consumer expenditure on these garments will increase by 4 per cent to 4½ per cent each year on average, i.e., by about 52 per cent by 1978. We forecast that exports will increase much more rapidly than imports and as a result that sales by the UK industry will increase by 66 per cent over the whole 10 year period to 1978. Only the women's dress sector is expected to experience a faster growth; and both these sectors will have to achieve much improved productivity from their existing labour force if they are to meet the potential demand.

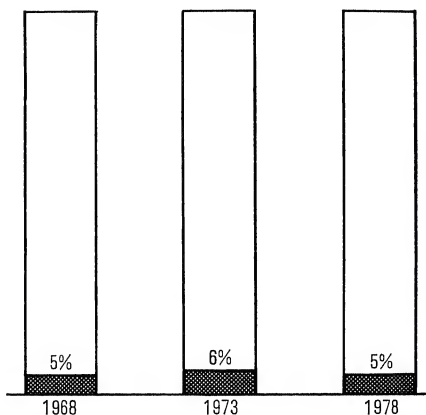
TABLE 34/TOTAL SALES OF UK MANUFACTURERS, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on women's and girls' separates	125	153	190
UK demand at manufacturers selling prices*	73	90	112
Less imports	4	5	6
Total sales by UK manufacturers to UK customers	69	85	106
Plus exports	4	9	16
TOTAL SALES BY UK MANUFACTURERS	73	94	122

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

Exports are forecast to increase four-fold by 1978 but from a small base so that they will still only account for about 13 per cent of the UK industry's output in 1978. Again, the best export opportunities are likely to be high quality garments in the EEC and North America, and for high and medium quality garments in EFTA.

CHART 70/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



Source: AIC 'most likely' forecasts

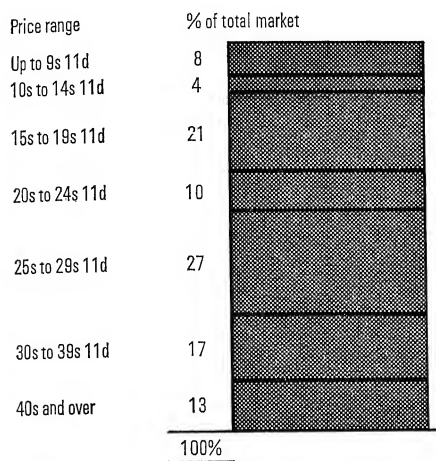
TABLE 35/EXPENDITURE ON SEPARATES BY AGE GROUP (1967)

Age group	Age group as per cent of population	Blouses		Skirts		Trousers		Population projection 1968-78 per cent
		Volume per cent	Expend. per cent	Volume per cent	Expend. per cent	Volume per cent	Expend. per cent	
15-19	10	15	16	26	21	29	30	+12.3
20-29	16	18	18	28	27	32	30	+ 4.4
30-39	15	22	18	20	22	19	23	+13.9
40-49	17	17	16	11	13	10	12	-11.9
50-59	17	17	16	10	10	9	5	- 1.8
60+	25	11	16	5	7	1	0	+ 7.3

Source: ICI Fibres Limited

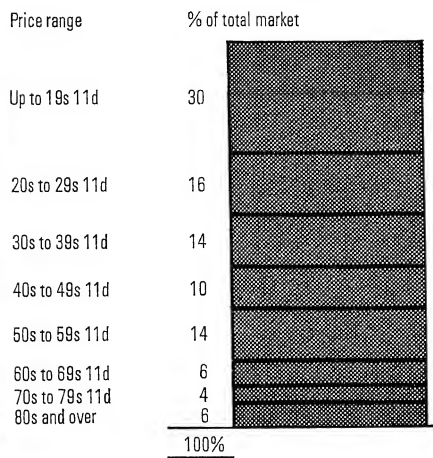
CHARTS 71-73/**THE UK MARKET FOR
SEPARATES BY PRICE (1967)**

CHART 71/**BLOUSES**



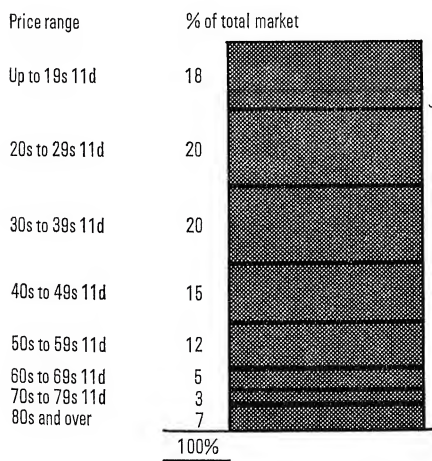
Source: ICI Fibres Limited

CHART 73/**TROUSERS**



Source: ICI Fibres Limited

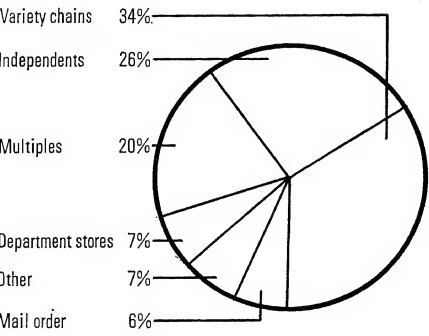
CHART 72/**SKIRTS**



Source: ICI Fibres Limited

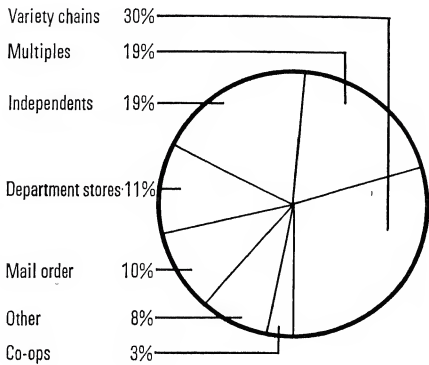
CHARTS 74-76/**THE UK MARKET FOR
SEPARATES BY RETAIL OUTLETS
(1967)**

CHART 74/**BLOUSES**



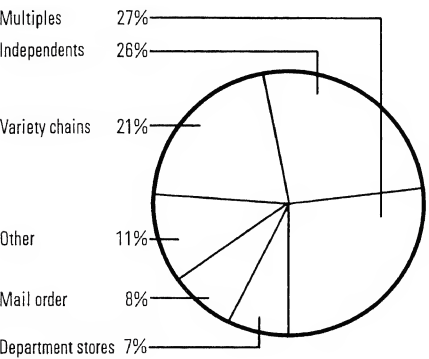
Source: ICI Fibres Limited

CHART 76/**TROUSERS**



Source: ICI Fibres Limited

CHART 75/**SKIRTS**



Source: ICI Fibres Limited

CHAPTER 21/RAIN-PROOFED GARMENTS: MALE

A below average growth rate is expected for men's rain-proofed garments of less than 1 per cent pa on average. UK consumer expenditure is therefore only expected to increase by no more than 10 per cent over the ten year period. Imports and exports are both expected to double in value from their present value of about £2m, in each case, to £4m in 1978. The less efficient firms, particularly those manufacturing cheaper garments, will find it very difficult to survive in the face of an almost static home market and rising imports.

The home market will be increasingly influenced by fashion and the growth of leisure activities. There may be profitable opportunities for manufacturers to extend their range of casual coats and other rain-proofed outerwear associated with leisure and sports activities, such as anoraks, golf jackets, ski jackets, etc.

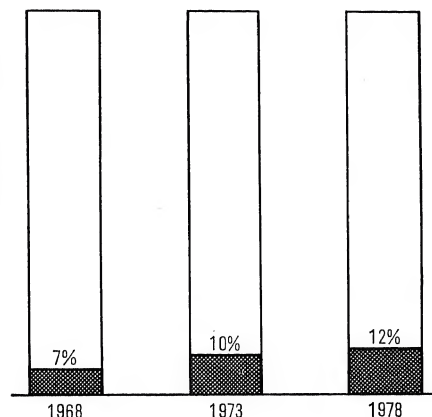
TABLE 36/TOTAL SALES BY UK MANUFACTURERS, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on rain-proofed garments – male	50	53	55
UK demand at manufacturers selling prices*	29	31	32
Less imports	2	3	4
Total sales by UK manufacturers to UK customers	27	28	28
Plus exports	2	3	4
TOTAL SALES BY UK MANUFACTURERS	29	31	32

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

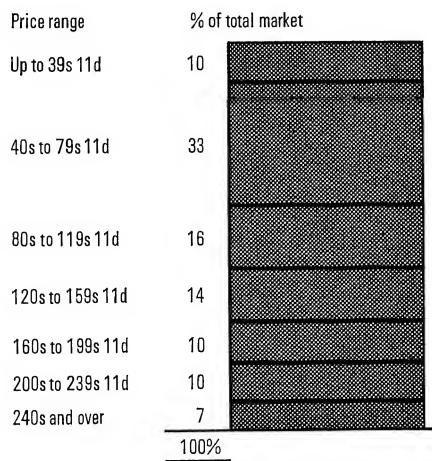
Source: AIC

CHART 77/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



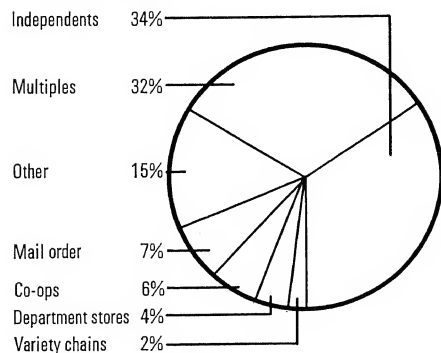
Source: AIC 'most likely' forecasts

CHART 78/THE UK MARKET FOR MEN'S RAINWEAR BY PRICE (1967)



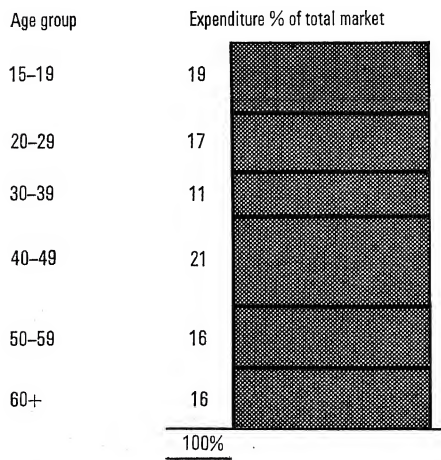
Source: ICI Fibres Limited

**CHART 79/ THE UK MARKET FOR MEN'S
RAINWEAR BY RETAIL OUTLET
(1967)**



Source: ICI Fibres Limited

**CHART 80/ EXPENDITURE ON MEN'S
RAINWEAR BY AGE GROUP (1967)**



Source: ICI Fibres Limited

CHAPTER 22/RAIN-PROOFED GARMENTS: FEMALE

By contrast with men's rain-proofed garments the prospects for women's rain-proofed garments seem to us to be good. We forecast a growth of 5 per cent per year on average, twice the growth rate we expect for clothing as a whole, and therefore expenditure in the UK is forecast to increase by about 55 per cent over the ten year period. We expect imports to double, increasing their market slightly. No growth is forecast for exports, although we think there is potential demand for British rainwear.

As in the case of male rain-proofed garments, sales of casual style and leisure rain-proofed garments are expected to grow much faster than conventional garments.

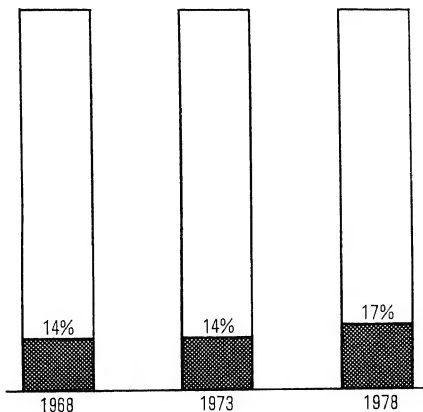
TABLE 37/TOTAL SALES BY UK MANUFACTURERS, 1968 ESTIMATED, 1973 AND 1978 FORECAST: CONSTANT 1968 PRICES

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on rain-proofed garments – female	50	61	78
UK demand at manufacturers selling prices*	29	36	46
Less imports	4	5	8
Total sales by UK manufacturers to UK customers	25	31	38
Plus exports	1	1	1
TOTAL SALES BY UK MANUFACTURERS	26	32	39

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

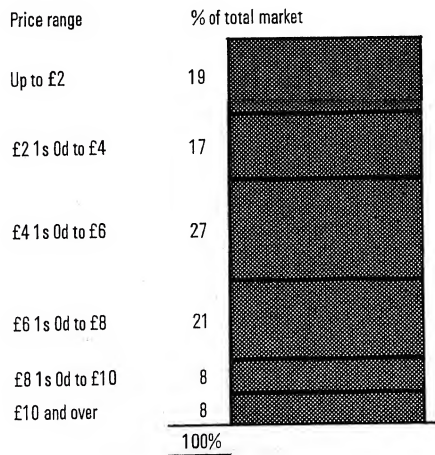
Source: AIC

CHART 81/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



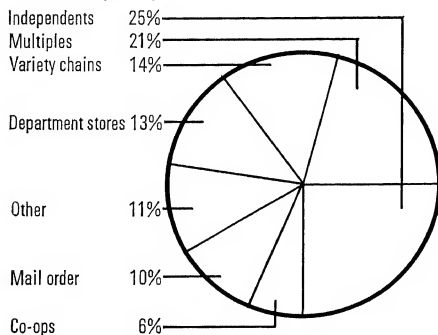
Source: AIC 'most likely' forecasts

CHART 82/THE UK MARKET FOR WOMEN'S RAINWEAR BY PRICE (1967)



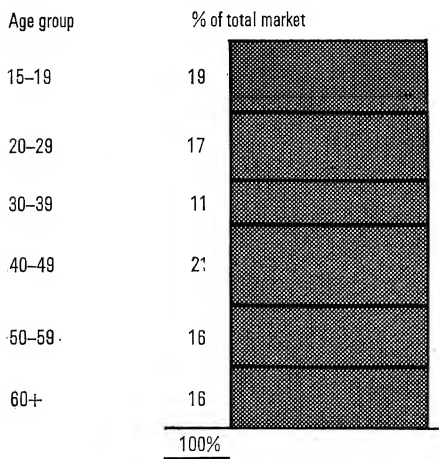
Source: ICI Fibres Limited

**CHART 83/THE UK MARKET FOR WOMEN'S
RAINWEAR BY RETAIL OUTLET
(1967)**



Source: ICI Fibres Limited

**CHART 84/EXPENDITURE ON WOMEN'S
RAINWEAR BY AGE GROUP (1967)**



Source: ICI Fibres Limited

CHAPTER 23/INFANTS' AND CHILDREN'S WEAR

Demand for infants' and children's wear is expected to increase by about 19 per cent over the decade. Although rising living standards, greater fashion consciousness and an increasing population are all growth factors in this market, consumer expenditure is not expected to grow as fast as for clothing as a whole. But the market for children's wear is very fragmented and there will probably be opportunities for individual manufacturers to beat the trend and achieve rapid growth in their sales through

effective marketing. The independent specialist shops have an important role in distribution of infants' and children's wear and we expect this to continue.

Considerable consumer dissatisfaction evidently exists over sizing. In a recent survey by Courtaulds 70 per cent of all mothers interviewed made unfavourable comments about the availability of sizes.

Unfortunately there is little statistical information available about exports and imports.

TABLE 38/TOTAL SALES OF UK MANUFACTURERS FOR THE HOME MARKETS, 1968 ESTIMATED, 1973 AND 1978 FORECAST

	1968 £ million	1973 £ million	1978 £ million
UK consumer expenditure on infants' and children's wear	240	260	286
UK demand at manufacturers selling prices*	150	162	180

*Assumed to be about 60 per cent of the value of UK consumer expenditure.

Source: AIC

TABLE 39/CHILDREN'S MARKET BY DAYWEAR AND SCHOOLWEAR

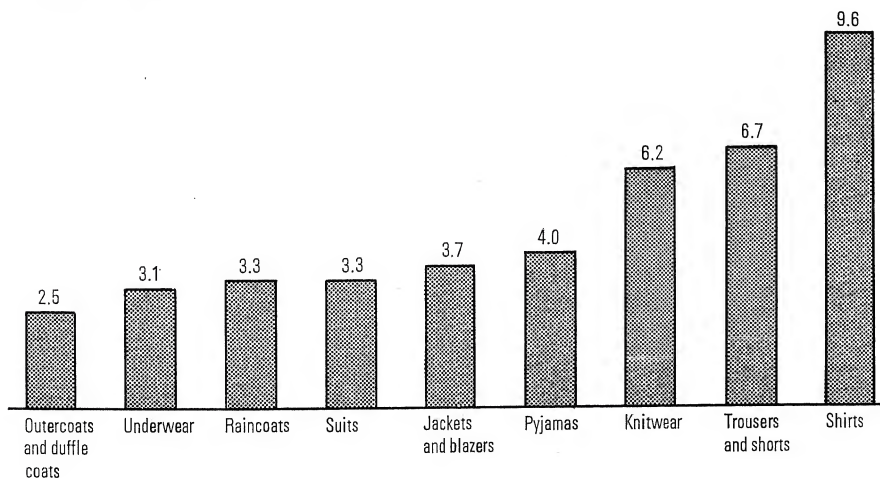
(£ million at retail prices) - 1968

	Boys	Girls	Total
Daywear	60	68	128
Schoolwear	17	20	37
TOTAL	77	88	165
Infants	74		

CHART 85/INFANTS' AND CHILDREN'S MARKET BY MAIN GARMENT GROUPS (1967)

BOYS

£ million at retail prices

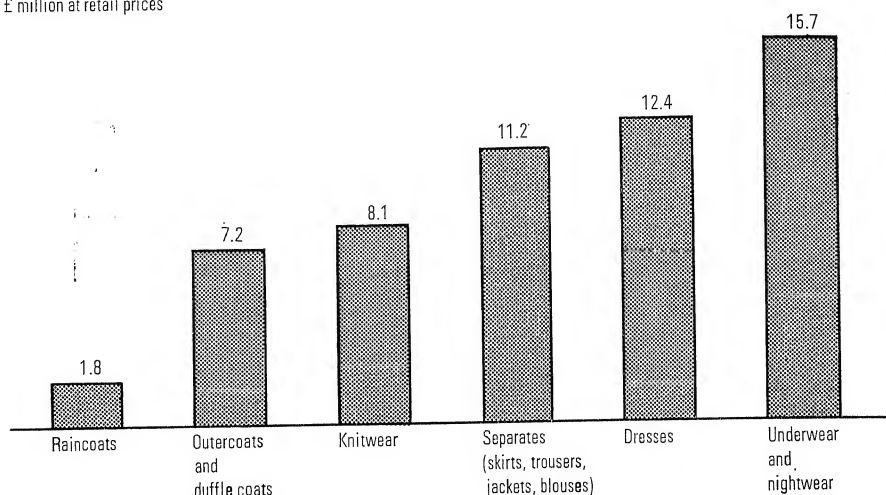


Source: Courtaulds Limited

CHART 86/INFANTS' AND CHILDREN'S MARKET BY MAIN GARMENT GROUPS (1967)

GIRLS

£ million at retail prices



Source: Courtaulds Limited

TABLE 40/INFANTS' AND CHILDREN'S MARKET BY RETAIL OUTLET (1967)
A/BOYS' WEAR

Outlet	Underwear per cent	Pyjamas per cent	Shirts per cent	Knitwear per cent	Rainwear per cent
Department stores	14	20	19	11	14
Marks & Spencer	32	24	14	11	17
Independents	29	24	33	47	29
Others	25	32	34	31	40
TOTAL	100	100	100	100	100

B/GIRLS' WEAR

Outlet	Nightwear per cent	Suits per cent	Dresses per cent	Knitwear per cent
Department stores	21	30	25	13
Marks & Spencer	17	—	15	14
Independents	26	18	18	42
Others	36	52	42	31
TOTAL	100	100	100	100

Source:

Courtaulds Limited

CHAPTER 24/MEN'S AND WOMEN'S OVERALLS

Total sales of overalls in the UK have declined since 1965. Taking the value of total sales in 1965 as 100, the index declined to 85 in 1968. Imports have increased in value from index 100 to index 207 over the same period. The fact that these imports are coming in at very low prices is highlighted by the figures which show that although imports account for 8.4 per cent of the total market by value in 1968, they account for 16 per cent of the total market by volume.

The men's overall market has declined slowly, while imports have increased from 4.5 per cent in 1965 to 7.9 per cent of the market by value in 1968. Almost 90 per cent of these imports come from Hong Kong and Eire.

The value of imports of women's cotton overalls has remained comparatively stable, but since the home production has fallen to £1.2m from £2.5m the percentage of the market taken by imports has risen three-fold. Moreover, the import of women's man-made fibre overalls has risen from a negligible amount in 1965 to nearly £2m in 1968, accounting for 8.9 per cent of that market sector. Hong Kong accounts for over a third of these imports, but man-made fibre imports of women's overalls from Poland and Korea are also significant.

TABLE 41/TOTAL SALES* BY UK MANUFACTURERS BY VALUE

	1965 £ million	1966 £ million	1967 £ million	1968 £ million
<i>UK sales</i>				
<i>men's overalls</i>				
Bib and brace	3.9	3.5	3.5	3.2
Jeans	6.9	6.4	6.8	7.4
Boiler suits	6.9	6.4	5.5	5.4
Coats and jackets	5.8	5.7	5.1	5.1
SUB-TOTAL	23.5	22.0	20.9	21.1
<i>UK sales</i>				
<i>women's overalls</i>				
Cotton	2.5	2.3	1.7	1.2
Man-made	8.6	7.1	6.4	7.2
SUB-TOTAL	11.1	9.4	8.1	8.4
Plus exports	0.2	0.3	0.3	0.4
TOTAL SALES BY UK MANUFACTURERS	34.8	31.7	29.3	29.9

*Manufacturers selling prices

Sources:

AIC estimates based on Business Monitor returns

HM Customs and Excise

Note:

The statistical classification changed in 1965.

TABLE 42/TOTAL UK MARKETS FOR OVERALLS* BY VALUE

	1965 £ million	1966 £ million	1967 £ million	1968 £ million
<i>Men's overalls</i>				
Home sales	23.5	22.0	20.9	21.1
Imports	1.1	1.3	1.2	1.8
SUB-TOTAL	24.6	23.3	22.1	22.9
<i>Women's overalls</i>				
<i>Cotton</i>				
Home sales	2.5	2.3	1.7	1.2
Imports	0.1	0.1	0.1	0.2
<i>Man-made</i>				
Home sales	8.6	7.1	6.4	7.2
Imports	—	0.3	0.4	0.7
SUB-TOTAL	11.2	9.8	8.6	9.3
TOTAL SALES IN UK	35.8	33.1	30.7	32.2

*At manufacturers prices

Sources:

AIC estimates based on Business Monitor returns

HM Customs and Excise

TABLE 43/SHARE OF UK MARKET HELD BY IMPORTS BY VALUE

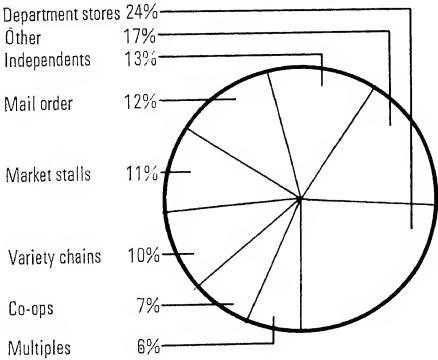
	1965 per cent	1966 per cent	1967 per cent	1968 per cent
<i>Men's home market</i>				
sales value taken by imports	4.5	5.6	5.4	7.9
<i>Women's cotton home</i>				
market sales value taken by imports	3.9	4.2	5.6	14.3
<i>Women's man-made</i>				
home market sales value taken by imports	—	4.1	5.9	8.9
TOTAL HOME MARKET SALES VALUE TAKEN BY IMPORTS	3.4	5.1	5.5	8.4

Sources:

AIC estimates based on Business Monitor returns

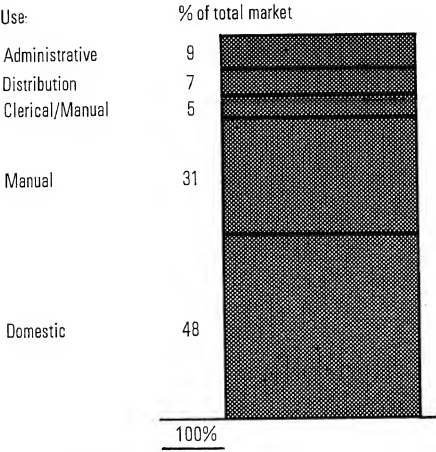
HM Customs and Excise

CHART 87/**THE UK WOMEN'S OVERALL
MARKET BY RETAIL OUTLET (1967)**



Source: ICI Fibres Limited

CHART 88/**EXPENDITURE ON WOMEN'S
OVERALLS BY TYPE OF
OCCUPATION (1967)**



Source: ICI Fibres Limited

CHAPTER 25/FOUNDATION GARMENTS

The total UK market for foundation garments appears to have declined slightly since 1965. Imports have increased in value since 1965 by 40 per cent, but compared with 1964 are only 14 per cent higher. In 1968 Hong Kong supplied 65 per cent and Jamaica 25 per cent of the cotton foundation garments which were imported. The biggest importers into the UK of foundation garments made from other materials, by country, were Austria, 27 per cent, Sweden, 19 per cent, and USA, 14 per cent.

Exports are virtually static.

TABLE 44/TOTAL SALES* BY UK MANUFACTURERS OF FOUNDATION GARMENTS BY VALUE

	1965 £ million	1968 £ million
Corselettes	4.0	4.2
Corsets, girdles, suspender belts, etc	19.0	19.2
Brassieres	19.5	18.1
TOTAL	42.5	41.5
Plus exports	1.4	1.4
TOTAL SALES BY UK MANUFACTURERS	43.9	42.9

TABLE 45/TOTAL UK SALES* FOR FOUNDATION GARMENTS

	1965 £ million	1968 £ million
UK home sales	42.5	41.5
Imports — of cotton	1.8	1.3
— of other materials		1.3
TOTAL SALES	44.3	44.1

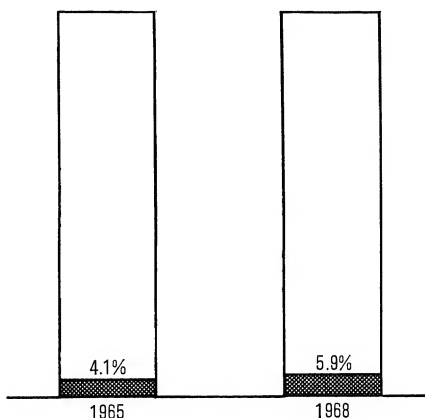
*At manufacturers' prices

Sources for tables 44 and 45:

AIC estimates based on Business Monitor returns

HM Customs and Excise

CHART 89/PERCENTAGE OF UK MARKET (BY SALES VALUE) HELD BY IMPORTS



Source: AIC Estimates based on business monitor returns

TABLE 46/EXPENDITURE ON FOUNDATION GARMENTS BY AGE GROUP (1967)

Age group	Age as per cent of total	Corsets Volume	Corsets Expenditure	Brassieres Volume	Brassieres Expenditure	Population projection 1968-78
15/19	10	15	9	21	19	+12.3
20/29	16	21	19	27	25	+ 4.4
30/39	15	19	19	19	20	+13.9
40/49	17	19	22	17	18	-11.9
50/59	17	14	17	11	12	- 1.8
60+	25	12	14	5	6	+ 7.3

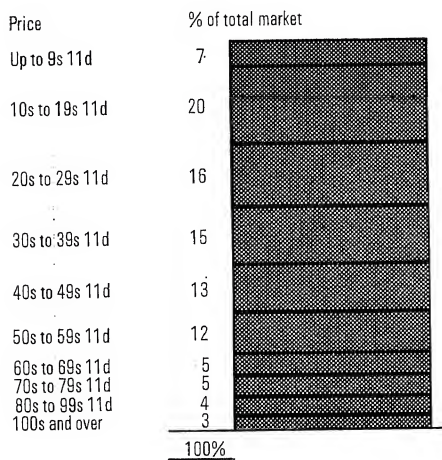
Source:

ICI Fibres Limited

Foundation garments differ from most other garment groups in that although young people buy more frequently, the average price they pay per garment is much less.

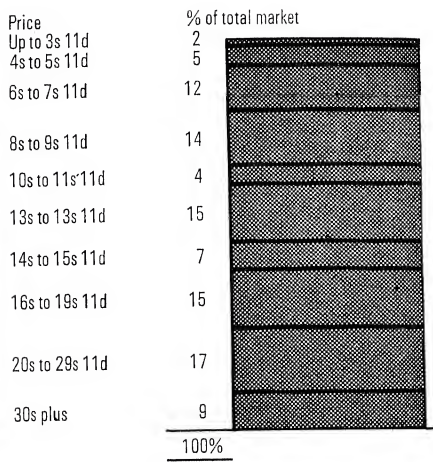
**CHART 90/ THE UK FOUNDATION MARKET
BY PRICE (1967)**

A/ CORSETS



Source: ICI Fibres Limited

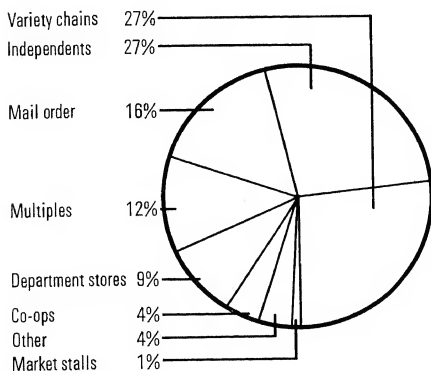
B/ BRASSIERES



Source: ICI Fibres Limited

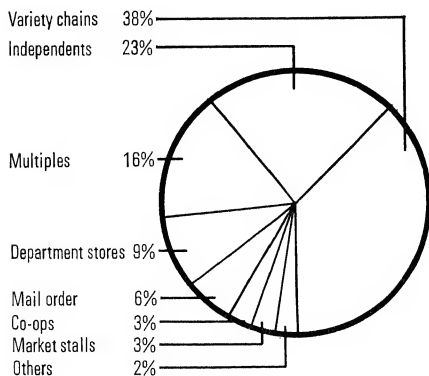
**CHART 91/ THE UK FOUNDATION MARKET BY
RETAIL OUTLET (1967)**

A/ CORSETS



Source: ICI Fibres Limited

B/ BRASSIERES



Source: ICI Fibres Limited

APPENDICES

APPENDIX A/CONSUMER HABITS AND ATTITUDES TOWARDS CLOTHING

In a short study, it is impossible to develop definitive views on so complex a subject, and so many garment types, much less forecast how they will be in 5-10 years' time.

However, we have identified some major factors and constraints which are now summarised, though they may already be known to many clothing firms.

The research was carried out by the Tavistock Institute of Human Relations Centre for Applied Social Research, under the general direction of AIC.

BY WHOM, WHEN AND WHY ARE CLOTHES BOUGHT?

WHO BUYS CLOTHING?

The great majority of clothes are bought by women who buy most of their own clothing, and also a great deal of men's and children's clothing. But we must distinguish (a) the act of purchasing, from (b) the act of decision making. Men and children play a more significant part in the latter than the former.

The act of purchasing

The dominance of women here reflects several factors. Women, especially housewives, can reach shops more easily than men, like shopping more, and shop anyway. Full time housewives, and often their husbands, agree that since they make no financial contribution to the family they must earn their keep in other ways. Men take less interest in clothes, and the high degree of uniformity in men's clothing facilitates purchase by another. However, although in general most clothes shopping is done by women, individuals and families vary greatly, for personal reasons and because of social class, age, and type of garment.

Social class

On average, women buy a higher proportion of men's clothing in the DE social class than any other; this proportion tends to decline as one moves upwards; AB men buy a relatively high proportion of their own clothing.

Age

There is also a tendency to buy more of one's own clothing with age, up to young adulthood at least for men, and later for women. Almost all children's clothing is purchased by women. In adolescence and early manhood, male self-purchasing is highest, especially in the working class where the young man is likely to have relative independence of his mother and income of his own, but he has not yet a wife, to do the shopping, or family to limit his spending on his own clothes. At this period, the proportion of income spent directly on clothing by C₂ and DE class youths is higher than at any other time. The expenditure of AB C₁ young men who are also more likely to buy their own clothes at this time is limited by low income and the pressure of other demands like education, holidays or sport.

Type of garment

The proportion of men's clothes bought by women declines steadily from the inside outwards.

Underwear is the most common purchase, suits and overcoats least common; shirts are intermediate. Ties, leisure and sports garments allow for a man's expressing his own individuality.

A limiting factor is the need for good fit.

Fit is relatively unimportant for underwear, but is more important for shirts; though, here, sizing is generally felt to be good enough for others to buy. Suits must fit well and almost all men regard it as necessary to try suits before purchase, or have them made to measure.

The act of decision making

One must differentiate between the purchaser and the purchasing decision maker. The person who buys may be wholly, partly, or not at all, the same person as the person who makes the purchasing decision.

It is rare for a purchaser to be the sole decision maker, even when he buys for himself. Clothes are supra-personal and express one's awareness of one's place in society, one's sex, age, role and function, all of which influence the purchasing decision. Also, purchasing decisions are influenced by important people in the environment.

Purchasing decisions which often take place away from the point of sale, are therefore more complex and more social than purchasing acts. A significant amount of clothing is given as gifts, mainly for Christmas, birthdays and newborn babies. Sometimes they are garments that are needed and would be bought anyway, in which case they may be somewhat more attractive and expensive than the person would buy for himself.

It is part of the genius of Marks & Spencer that they offer unique facilities for giving clothes as presents within a limited range and at popular prices. Their policy of exchanging anything bought in any store for anything else purchasable in any store means that a Marks & Spencer garment has some of the qualities of money or a gift token without being thought to lack understanding, imagination, or concern for the recipient.

WHEN ARE CLOTHES BOUGHT AND WHY?

A multiplicity of interacting factors affects both the nature and timing of the purchasing decision and of the purchasing act. This makes it difficult to predict with any accuracy both long and short term variations in demand. We comment on some of the more dynamic factors: (a) replacement, (b) fashion, (c) postponability.

Replacement

Absolute necessity

For some types of garment, the user or purchaser feels the determining factor to be near to 'absolute necessity'.

The existing garments have worn out; it is essential to have such garments; new ones must be purchased. Women's stockings and tights perhaps epitomise this type of purchase.

Men's underwear is also greatly affected. It is used until worn out and then replaced because minimal stocks tend to be held. The actual purchase may be precipitated by special events like holidays or visits to a doctor when usually 'private' clothing may become 'public'.

Women's underwear has some features in common with men's, that is, it is often worn until worn out, whatever that means, and thrown away and replaced. The actual wearing out period for women is probably longer than for men because of the greater use of long-life man-made fibres, and less heavy usage; and women tend to have a larger underwear wardrobe because they need a greater variety of garments than men. The absolute necessity factor applies to married women who have many claims on their budget and probably no dress allowance, and also to older women.

Conventional necessity

Many garments are bought to replace existing garments even if these are not truly worn out (by whatever criterion applies) and are not thrown away.

For example, a man may feel a suit is too shabby by conventional standards for wearing for important business appointments, although suitable for a day in his office without appointments. He will replace it with a new one and downgrade its use. Suits and overcoats are relatively expensive and not many men lightly decide to replace them. The main criterion is still 'when I need a new one'. Fashion brings little pressure to bear on men to change suits, although it may affect choice when they are being replaced. The same may be said of overcoats, except insofar as fashion has frequently introduced new types of overcoat often in addition to the 'classic' which is still retained, eg, car coats, sheepskin coats, anoraks, very lightweight rain-coats.

Shirts, on the whole, are worn until worn out, by conventional standards, although the shirt wardrobe has probably increased and may well continue to do so if the tendency to differentiate shirts into categories for different purposes continues. This does not necessarily mean, however, that in the long run men will wear or wear out any or many more shirts. Rather, it is likely to mean slightly higher purchases in the wardrobe building stage with no greater, or possibly even less, replacement purchasing later.

Women's purchases of clothing are also much affected by the conventional necessity factor. Winter coats tend to be replaced when the present one is a bit shabby, but this is retained for certain purposes like shopping locally or taking the children to school. The one before that may then be thrown away.

Fashion

Fashion exerts more pressure on women than men to purchase new outerwear before existing garments are worn out, but it would be unwise to exaggerate the influence of fashion in actually increasing women's purchases. Again its influence is on choice when a person intends to purchase anyway, rather than in influencing a person to purchase.

We believe that attempts to increase purchases by introducing more fashion-based obsolescence are not likely to be very successful. Rapid fashion changes are distasteful to the consumer for a number of reasons. Fashions seem to represent in some way the spirit of the age or time, for which people have an intuitive feeling, and this does not change very rapidly or dramatically

except in unusual circumstances, eg, at the end of World War II. Women have recently proved very resistant to attempts to bring about major fashion changes, eg, skirts stay very short in spite of the attempt to drop them to mid-calf length. A recent revolution in shoe styling was resisted for several seasons and was never completely successful.

Further, consumers tend to feel exploited and almost insulted by being pressurised by fashion changes into excessive expenditure on clothes, which makes them feel guilty and foolish. At one extreme, resistance to this may be a cause of the adolescent tendency to very individual self-styling in an attempt to defeat fashion; at the other extreme, of increasingly classic tendencies among older people who wear clothes which may never be highly fashionable but equally are never really unfashionable.

Resistance to fashion changes is likely to be greatest when the new fashion means considerable expenditure on new clothes, eg, mini-skirts cannot be made into maxi-skirts, although the opposite is possible. Aesthetic considerations also apply; classic versions of clothes persist through all fashion changes with minor variation.

There has been a notable change recently in fashion leaders. For many generations, it has been the upper middle classes personified, for example, by the Prince of Wales (Edward VII). Now the fashion leaders are frequently adolescents, this being linked with their being most susceptible to pressure to keep changing styles because of their uncertainty about identity, and because they have money to spend on clothes.

The postponability of clothing purchases

An important feature of the clothing market is the extent to which clothing purchases can be postponed. The market is very vulnerable both to general factors that postpone purchase and to personal factors.

Clothing purchases are known to be highly influenced by general economic factors which reduce income. For example, people have a sense of fitness about how many garments they should possess (see p. 73). Greater durability of garments may well lead to indefinite postponement of replacement.

The wide variety of choices contributes to postponement of purchase; the range of choice of a particular type of garment even in one shop may be so large as to be confusing, and lead to real difficulty in choosing. Such fear of confusion applies more among women than among men, and especially young and middle-aged women. Women say they are all made for younger and/or slimmer people or older and/or fatter people.

IMPORTANCE OF GIFTS

Gifts are an important factor in the buying of clothes because the recipient tends to divert the money saved to non-clothing items; typically, a wardrobe will be brought up to a desired level for the particular consumer, and any disposable income then spent on other things.

Clothes may be given as gifts, both to members of the immediate family, and to others. Men and children appear to be the most frequent recipients of such gifts. As far as women are concerned, it appears that they are more frequently given the money with a suggestion that they might like to buy a particular item of clothing with it.

Great expense would be involved for a company to develop this application by itself.

The wool textile industry has given an indication of how development in this field will take place, in the project launched in the early part of 1967, to develop computer applications suitable for both large and small companies.

• We outline below computer applications which are already in use, (see p 91).

An aid to efficient cloth utilisation which has already penetrated all sectors of the clothing industry is that based upon miniature pattern lay planning. The systems produce one-fifth scale patterns by means of a pantograph linked to a cutting device. These patterns are then easily manipulated, and their smallness enables the lay planner to have an overall view of the whole lay, facilitating the arrangement of the patterns so that they cover the least area. This is then photographed for use as a guide to the most economic way of marking in the actual lay. The photograph is then filed for future use.

A valuable supplement to this system is the accurate determination of the total area of all patterns in the lay. If this total is related to the area of cloth occupied by the marked-in lay, a wastage per cent can be calculated.

It is in the establishment of controls of this nature, made possible by recent developments of measuring devices which any clerk could use, that future developments in cloth economy will lie.

Commercial implications for the clothing industry

Cost of garments

These techniques when fully implemented will improve the utilisation of materials and thus keep costs in check.

Quality

These methods will enable more accurate cutting and thus a more uniform standard of quality. This facilitates garment assembly and yields more accurate sizes for the consumer.

LAY MARKING

Devices for the reproduction of lay markers have followed office duplication methods – spirit duplicating and photocopying.

Both spirit duplicating and photocopying have the advantages of rapidly making clear, accurate copies of lays from masters which take little storage space when filed for future use.

Another system of lay marking, which will be used to a greater extent in outerwear, is spray marking – the Lanner system. The patterns themselves, made of moisture-resistant board, are laid upon the cloth to be cut. The patterns are held in position by netting and a dye is sprayed along the length and width of the lay. Thus, the patterns provide the outline for cutting, which is as accurate as the patterns themselves.

Commercial implications

Cost

The reproduction of lay markers will assist improved productivity and thus keep costs in check.

Quantity of garments available

The output potential of the industry can be increased by the application of lay marking techniques.

CLOTH CUTTING

Future developments in the sewing room include mechanical assistance for the machinist in both handling and sewing. The use of profile stitchers, or machines which can be dial-set to include the correct amount of fullness in a seam, are just two examples of sewing methods which demand accuracy in the cut work.

Thus cutting in future years must become more consistently accurate than at present.

The variety of cutting instruments in use today will still be seen in ten years' time.

Die cutting

The cutting method which will show the greatest increase in use is the die cutter, mainly because of its speed and accuracy. Developments in die cutting will be similar to the recent systems now in operation. Gang dies, which eliminate the necessity for a surround of cloth outside the cutting edge, will be improved in the type of die used and the ease with which they can be altered to accommodate changes in the product.

This type of full-width cutter, pressing out sections of the lay at each cutting stroke, will be combined with power-driven lay tables to convey the cloth to the cutting die. Linking the table movement and the activation of the cutting head in automatic sequence is the next expected development.

Band-knife cutting

Developments in band-knife usage have been mainly in making the machine mobile. This is to reduce the amount of materials handling and disturbance of lay sections which are caused by taking the cloth to a band-knife in a fixed position.

Modern band-knives incorporate variable speed drives, so that the machine can be adjusted for the cutting of thermoplastic materials without fusing the edges.

Hand cutting

The tailoring of made-to-measure outerwear is a large and important sector of the industry which will not be able to make use of the developments in bulk cutting.

Today, hand shears are much in evidence. In the future, more use will be made of such cutters as Kuris electric shears for the cutting of single plies of cloth.

General

Within ten years, computers programmed to control the cutting of patterns, and the subsequent reproduction of the pattern contours for guiding a cloth cutting head, will be in use among the larger companies in the industry.

Recent experiments with laser beams and water jets as cutting instruments will soon lead to the production of a viable system of cutting, computerised and wholly automatic.

Commercial implications

Cost

The application of bulk cutting, in greater volume, can provide increases in productivity.

Quality of garments

The quality of finished garments will improve as a result of more accurate cutting methods.

Quantity of garments available

The output potential of the industry can be increased by the more concentrated application of bulk cutting techniques.

GARMENT CONSTRUCTION

Dependence upon female labour, and the fact that no other major industry is so completely reliant upon human operators causes the following situation:

- 1 Compared with almost all other industries, the training of a sewing machine operator is lengthy and complex.
- 2 Labour turnover is high and the time-keeping of married women with families is irregular.
- 3 The concentration and judgement demanded of operators in obtaining a satisfactory output of high standard imposes strains which are greater than in other industries employing mainly women. The level of earnings does not compensate for these strains.

Technological developments in the sewing room therefore seek to mechanise, to reduce the skill needed and to create greater flexibility in use of labour.

In the next ten years the sewing machine will still be the major means of garment construction. But operations such as the interlining, button-holing, attachment of labels and motifs and other short seaming, time consuming work will be simplified by non-sewing methods.

We examine ways of reducing the skill and work content under three headings:

- Work aids
- Sewing aids
- Non-sewing construction methods

WORK AIDS

Until the textile industries can provide fabrics identical in shade and handle from dye lot to dye lot, some system of batching cut parts together through making-up is necessary to ensure that all components of a garment are cut from the same, or matched pieces of cloth. The most common method used for batching is tying bundles; untying and re-tying of bundles and separate folding of each part after processing is time-consuming, tiring for the operator and non-productive.

Pneumatic power

Pneumatic devices have been designed which considerably reduce the time for stacking aside finished parts.

These stackers are able to handle a wide range of part sizes and the control on the parts held in the stacker is firm enough for the device to be used even with slippery knitted nylons.

More and more medium and large size establishments are installing compressors to feed pneumatic systems, so that the use of pneumatic power to drive handling devices, tape and thread cutters of the impact variety and many other work aids, can be expected.

Work transportation

Also receiving attention is the movement of work to and from each operator. The clothing industry has long realised that the fixed speed conveyor belt is not useful in most making-up rooms. Development has been

towards work transporters where signals are sent automatically when an operator needs replenishment to a controller who despatches material by the transporter, directly to the operator.

Systems of work transporting such as Etough-Satra and Eton will become more widely used. But work-horses (or trolleys), tailor-made transporter rails and the planned utilisation of service labour will probably be developed and used most widely in the next ten years.

Needle positioners and trimmers

In the course of a work-shift, the majority of sewing machine operators expend considerable time and energy in withdrawing garment parts from the machine and cutting, with scissors, the top and bobbin threads. A wide range of needle positioners and thread trimming devices has been developed to reduce this wastage, such as underbed trimmers.

Machine tables and work place engineering

Surprisingly few changes have been made to the rectangular shape of the work table top. A change in the shape and in the construction of the table supports would often assist the operator in handling the work in process. In the near future, more sewing rooms will have machine tables especially designed for a particular operation. There are unit stands available designed to suit specific operations, but the main future trend will embody 'home-made' adjustments based on a study of an operation's needs.

Work measurement and method study

Forms of work measurement have long been in use in the industry. Recently, in a minority of firms, work measurement has developed into breaking down of the job into elements of work. This reveals the proportion of time spent in non-productive handling of materials and has raised productivity substantially.

More recent developments in work measurement, based upon finer scale time study than is possible with a stopwatch, have achieved greater increases in productivity. This is because the very short, sub-elements of work which can be time-evaluated by, for example, the Methods-Time Measurement System, provide information which enables a trained practitioner to effect method improvements. Moreover this system enables methods and time-standards to be developed before a garment goes into production.

Such techniques will become widely used for guidance in the selection of work aids, and the setting of time standards.

Commercial implications

Cost

Work aids developed from work measurement and method study will provide the greatest source of increased productivity.

Quality

Standards of quality will be more uniform as a result of improvements in methods.

Capacity

This increase in productivity will expand the output potential of the industry.

SEWING AIDS

The aim of work aids is to reduce the time and effort of handling materials to and from the work place. The aim of sewing aids is to reduce the skill needed in assembly.

Existing equipment to de-skill jobs ranges from the simplest of machine attachments (for example, an edge-sewing guide) to complex and costly automation systems.

In the next ten years the use of sewing aids in the clothing industry will greatly increase.

Folders, guides, stitching jigs and machines with variable differential feeding mechanisms, all giving consistent results for less effort, will be more widely used.

Profile stitching

Profile stitching and machines programmed with automatic sequences of operations will gradually become used. Examples of the more complex and expensive machines are:

The Adler Profile Stitchers with turrets for work positioning, one of which is loaded whilst the machine automatically operates on work held in another.

The Durkopp Small Parts Stitcher, where again, the operator loads on template whilst the component in another is being sewn.

Otoforma Stitchers, incorporating the Clarbro Stitching Jig principle, which extends profile stitching to garment parts as large as the fore-part of a man's jacket. The jig incorporated in the Otoforma Sewing Round Unit has a dial setting which inserts the required fullness automatically, and during the automatic stitching cycle, the operator prepares the second fore-part in another jig.

Automatic sequence control

Another group of developments which will be used are those which govern a sequence of activities carried out automatically by the machine, eg at a starting signal:

- 1 The machine begins the automatic part of the sewing cycle with a pre-stitch
- 2 A pre-determined length of sewing is done
- 3 The sewing is finished with a back-tack
- 4 The needle stops in the required position
- 5 Thread trimmers operate
- 6 The presser foot rises to allow withdrawal of the fabric
- 7 The part is removed and held by a stacking device.

All major machine manufacturers have developed sequences of this type, some powered pneumatically, others using photo-electric cells or air-sensing devices.

More recently, fluidic systems have been applied to sequenced activities.

Automation

Availability of pneumatic and fluidic systems will enable automatic sequences to be designed for clothiers' present machinery.

One limitation on the development of automated machinery has been the lack of flexibility in systems; flexibility is essential in some, notably fashion, firms.

There are signs now, however, that the use of modular control cabinets, as in the shirt-front assembly unit of the Jacob's Machine Corporation of America, may provide a machine which can be called 'automated'.

In this machine, each function is controlled by a separate module cabinet, so a change in any function only requires a change in the module concerned.

It is claimed that with a short period of training only, an operator can man at least three machines, and that the quantity produced per machine exceeds what could be conventionally produced by 'several operators'. These are the lines along which it is expected that automation of clothing manufacturing processes will develop. It is not expected, however, that this development will have a large scale effect upon the industry in the next decade.

General

The trend will be towards a fuller utilisation of present sewing aids and closer attention to operator methods to determine where the aids can best be used.

The most important factor governing many methods of construction is the design of the garment.

To gain the greatest benefits from sewing aids, designs will incorporate standard garment parts, where these are not style features.

This aspect of designing for production will open the way to more applications for semi-automatic and fully automatic machinery.

Commercial implications

Cost

Increases in productivity arising from the application of sewing aids can keep costs in check.

Quality

Standards of quality will be improved as operators' skills are replaced by mechanical devices.

Output

Output potential will be increased.

NON-SEWING CONSTRUCTION METHODS

The most important of these are the use of fusible materials and the welding of seams.

These lead to de-skilling of operations and considerable increases in the rate of output.

Fusibles

There is a trend towards the use of lighter fabrics in men's suits. This will require interlinings with less stitching than in the past; this is the main application for fusible interlinings.

Fusible interlinings are now replacing the traditional canvas used in alpaca, mohair and general lightweight day and evening clothes; they enable consistent reproduction of design features at less cost than sewing.

Increased output has been achieved by fusibles in women's jersey dresses and suits. Similar results are expected from general application to men's tailored outerwear. It is particularly relevant to the success of the developments in making men's suits from Crimplene and other knitted fabrics.

Companies supplying interlinings to the industry are carrying out intensive research and testing. To date, their research has been on fusible interlinings for use with pressing equipment capable of achieving correct fusing temperatures and pressures.

Present research is directed towards the production of fusibles where time, temperature and pressure are not as critical as at present.

This indicates for the future a wider range of users of fusibles than is possible when expensive, special purpose equipment is essential.

Form moulding

Manufacturers of foundation garments have long used moulding techniques for such operations as forming brassiere cups. With the advent of wider ranges of man-made weldable stretch materials, the sewing machine in this sector of the industry will be displaced by moulding and welding. The short seam and stable shapes of foundation garments are suitable for welding. Moreover, in outerwear production, shaping of garment parts by cloth deformation will be developed. This is contour pressing, where the edges of the cloth are held and deformed by a contoured, electrically heated ram; thus shaping by pressure instead of by stitched suppressions.

Welding

Welding of seams and other parts of garments has received great publicity.

Future use of this technique will be in the construction of short-seamed garment parts, the welding on of patch pockets, welding buttonholes and buttons, cuffs and the attachment of labels and motifs. Thermoplastic fabric is required for welding, and up to now the characteristics required of the fabric have presented a problem. The fabric must have a wide temperature range between softening and melting points. British Enkalon's Nylon 6 has a temperature range of 120°F. Other materials with a smaller range have been found to give inconsistent results.

Another limiting factor is that the shape of the seam dictates the shape of the electrode in which the weld is made. The number of electrodes which would be necessary for operations affected by style changes, therefore, restricts the use of welding.

However, welding will have considerable effects upon reducing construction costs – but it is not a replacement for the sewing machine.

Commercial implications

Cost

As stated, costs will be reduced.

Quality

The quality of garments will in some cases be improved. Welding of seams in some garments is a desirable improvement, eg, sailing wear.

Capacity

These techniques will increase the output potential of the industry.

PRESSING AND FINISHING

FUSING

Increasing use of fusible interlinings has made new demands on pressing equipment. To ensure that bonding takes place evenly, without bubbling, heat and pressure must be evenly distributed. Also, because dwell times are critical in the parts of the cycle during which bonding and setting take place, automatic control of these is desirable. Suitable fusing presses are already available.

Benefits are twofold. Firstly, the amount of stitching necessary for the shaping and reinforcement of the garment is reduced. Secondly, the use of automatic

control of the cycle de-skills the operation considerably.

Examples of recent fusing presses: Reliant have a twin-tray fusing press for outerwear which enables the operator to load one tray whilst the other is locked in the press for the pre-set and automatically controlled fusing cycle. The Tru-Fuse Major Automatic Press employs compressed air to move the tray into and out of the press. Braithwaite's 'Grimsley' press is designed for high production rates in fusing. It can be fitted with automatic vacuum at the unloading end of the conveyor to ensure controlled cooling and, therefore, setting of the fused parts. One of Kannegiesser's models is fed by a belt conveyor system carrying the parts for fusing through the loading, pressing, cooling and unloading positions. This company has studied the operation to obtain maximum utilisation of the conveyor space; the use of a miniature lay planning system would achieve higher machine utilisation when a large number of parts in a batch are fused simultaneously. All the modern fusing presses are equipped with automatic time controls and designed for the even distribution of heat and pressure over the pressing area.

PRESSING

Productivity in the machine room will rise by 40 to 50 per cent in the course of the next five years; a similar increase in the pressing section will be necessary, and will come from installing equipment designed for easier operating, with much of the operator's skills 'programmed' into the machine.

An example of a machine which increases productivity and reduces skill is Braithwaite's Model 2G-J1. This pressing machine incorporates shoulder pressing, sleeve head pressing and sleeve nipping and draping for tailored jackets. The sleeve hangs naturally during the operation so that the common fault of scye distortion during nipping and the high level of skill required in draping the sleeve are minimised. This one machine replaces three, and the movement of operators and garments about the workplace is reduced.

Kannegiesser, Certus and New Yorker presses are available with a variety of features designed to reduce the skill required by the operator in obtaining results which are consistently satisfactory.

The problem of automatic control of pressing is aggravated by the variety of cloths, with differences in weights and finishes needing different treatments: but suitable automatic controls are being incorporated into presses.

The Hoffman Paris programme selector is one such system: a press button selects the appropriate automatic control for the fabric in process.

This type of equipment will be used more in the industry in the next ten years.

'MINIMUM-CARE' FINISHES

Durable finishing techniques have been in use for a number of years. More recently, the technique known as 'post-cure' has been applied to shirts, dresses and outerwear at an increasing rate. The post-cure finishing method involves the impregnation of the cloth with resin and the shape-retention qualities of the fabric are not activated until the garment is fully made up.

These finishes now require presses which attain higher than normal temperatures and garment curing ovens in which the pressed garments are set in their final shape.

Present curing ovens are expensive both to run and in terms of space used.

Developments are therefore expected in pressing equipment which is capable of the final setting of the garments without need for subsequent oven-curing.

One such model for durable pressed shirts is the Appar-All body press. This can produce 180 shirts per operator hour, finally pressed and ready for packaging.

We believe that the reason for the relatively slow acceptance of permanent press processes by UK manufacturers is that they are awaiting the development of processes which do not require expensive curing oven installations.

Commercial implications

Cost

Increased productivity will be achieved.

Quality

The growing need for easy-care finishes will necessitate use of this equipment.

Capacity

Output potential will be increased.

COMPARISON OF BRITISH TECHNOLOGICAL ADVANCES WITH OVERSEAS COUNTRIES

The major firms supplying equipment and machinery trade internationally.

Thus, garment manufacturers in the Western world, at least, have the same opportunities of obtaining advanced machinery and equipment and of participating in programmes of future development with eg, Singer, Pfaff, Union Special, Rimoldi, Bullmer and Edelman, Clarksons, Bellows and numerous other equipment producers.

Germany and Sweden are well in advance of the UK in the examination and preparation of materials prior to cutting, and generally lead as regards the planning of lays to improve cloth utilisation.

However, in no other areas do there appear to be significant differences between the stage of development achieved in Britain as opposed to Continental and Scandinavian companies, though it is very difficult to make comparisons of a general nature because of the great diversity of the clothing industry. For all companies in Sweden, Germany or Italy which can be quoted as excellent examples of progressiveness, there is an equal number of progressive firms in the UK.

But the industry in the UK has a longer 'tail' of small companies which either cater for a narrow market with special styles and sizes, or work with very low overheads and little hope of expansion. The future developments in the industry seem, on balance, to favour the continued, healthy existence of the larger company, apart from those smaller companies providing high fashion or other special service.

It is essential that management should be capable of appreciating the benefits of available equipment; this entails an ability to evaluate the savings involved, often on a very fine scale.

The speed with which the Swedish manufacturers appreciated and installed sewing machines with top and bottom thread trimmers, resulted from the far wider

spread of training in a predetermined, motion-time system.

The marked differences between the American clothing industry and the British lie in administrative sophistication and the working speed of the average operator (which is some 12 per cent greater in America) rather than in the general level of technological development.

A difference in throughput rates in light clothing could also be influenced by the lower durability of American garments.

One field in which the UK garment industry is certainly ahead of that of America is the application of fusibles to garment construction and the use of high frequency welding for outerwear where 100 per cent synthetic fibres are involved.

THE USE OF COMPUTERS IN GARMENT MAKING

There are signs that every country with a major garment industry is beginning to realise the benefits of the speed with which computers can provide answers to complex and time consuming problems.

An example of complexity is the determination of optimum cutting programmes, whilst a volume problem is the processing of the mass of statistics on pay, performance of operators, control of time losses in production departments, analysis of sales, stock positions and so on.

A recent development in America is the use of linear programming to determine the lowest cost cutting programme consistent with cloth availability, machine capacity and delivery dates. The company involved, (Michaels Stern) report a 'very substantial' reduction in material and labour costs in their cutting departments. They have also noted that the information produced by the computer is giving them greater control throughout the company.

Another American company, manufacturing swimwear, has developed a computerised method of grading and cutting patterns, providing information for marking the patterns, cutting instructions and garment identification.

This method is similar to that available in the UK from Compugraphics International Ltd. This company's system also includes a service which prepares and cuts miniature lays and calculates the total pattern area.

The Co-operative Wholesale Society's group of clothing factories have their own computer bureau which is being used in accounting and is to develop into sales analysis, stock control and cutting programmes.

The CWS computer is not fully utilised by their own work and time is rented to other users. This is a way into computer use for those companies for which the purchase or sole leasing of a computer is too costly.

Silhouette is another British company with its own computer, which tends to apply it to sales and stock accounting and eventually to production control.

The Soviet Union has other examples of the application of the computer to garment manufacturing, such as the determination of optimum cloth utilisation.

Of several computer centres available in the UK, one, Northern Computer Bureau Ltd, has a section devoted to computer programmes for the garment industry. It offers a twenty-four hour service and reports that while the number of clothing firms using the service is small, it is

dealing with a large number of enquiries. The service offers a complete sales analysis giving the sales and order position, a cloth usage analysis, gross profit and customers' ordering pattern analyses.

Currently, the Bureau is working on a computerised pattern grading service and cutting planning.

Computers offer maximum cost reduction in the field of cloth utilisation. Administrative applications would certainly raise the efficiency of a company and provide a sounder basis for making decisions, but would not show as clearly on the profit and loss account as exercises aimed at optimum cloth usage and cutting usage.

ATTAINABLE INCREASES IN PRODUCTIVITY

Attainable increases in productivity are in the region of 50 per cent, on average, throughout the industry. Some companies have already achieved increases above this; the potential increases possible in the major sub-sectors of the industry are shown in Table A2.

TABLE A2/ATTAINABLE INCREASES IN PRODUCTIVITY

	<i>per cent</i>
Men's outerwear	50
Men's innerwear	40
Women's outerwear	50
Women's innerwear	40
Children's outerwear	50

The benefits of increases in productivity may be twofold: reduction in unit labour cost of the garment, or increase in volume of output from the same labour force. Both benefits are essential for the industry.

COSTS AND PRICES

1 The most significant factor likely to affect retail prices is the cost of labour during the next ten years. If there is no increase in labour productivity during the decade, retail prices are likely to increase by 25–30 per cent by 1973 and by 60–70 per cent by 1978.

2 The effect of increasing the productivity of the labour force will be to minimise the rate at which costs are likely to increase so that retail price rises may be restrained to between 10–15 per cent by 1973 and by 30–40 per cent by 1978.

3 The effect of increased competition for female labour, together with the possible results of the movement for equal pay for men and women, is likely to result in considerable cost increases during the decade. This pressure on wage rates will make it imperative for the clothing manufacturer to seek and implement ways and means of increasing the productivity of their labour force.

The possible effect of these cost changes on prices is tabulated in Chapter 6 of this report (page 20).

COST STRUCTURE

NOTE ON THE BASIS OF CHANGES ESTIMATED IN THE COST STRUCTURE 1968–78

The basic costs were established from business ratios published by the Board of Trade which were calculated from the 1963 Production Census.

These ratios are published in the following form:

(a) Materials are shown as a percentage of total sales value.

(b) Labour costs are expressed as wages per £ of total sales. This was converted to a percentage of sales value.

For each of these items, the lower quartile, median and upper quartile values were published. The median value was selected as being representative.

The margins (contribution to overheads and profits) were established by deducting the sum of materials and labour from 100. The sales value was represented by 100.

A similar exercise was carried out on business ratios of the textile industry to provide an indication of price movements there.

The general trend

The materials costs were then adjusted by these estimated material price movements to provide cost estimates for 1968, 1973 and 1978.

The labour costs were adjusted to take account of the trend in wage rates and earnings over the period. It was assumed that manufacturers' margins would be maintained at the same proportion of sales value during these periods. These adjustments provided an indication of the general trend in labour and materials costs against which the effect of technological change could be measured.

The technological factors which were considered to have an influence on the cost structure of the industry were:

1 The effect of improved materials utilisation. This has been assessed at 3–5 per cent. For the purpose of this exercise, 4 per cent was used.

2 The effect of increased productivity on the labour costs. The potential varies between 40–50 per cent. It has been assumed that half this would be achieved by 1973 and the full impact would be felt by 1978.

Retail mark-up and purchase tax

The changes in the rate at which purchase tax has been levied since 1962 is shown below:

	1962 – 5%
	1963 – 10%
	1965 – 11%
March 1968	– 12.5%
November 1968	– 13.75%

The retail price calculations have been based on the current level, ie, 13.75 per cent.

The general retail mark-up remained for a considerable time at 50 per cent on the sum of the purchase tax and the purchase price of the commodity. At present, this mark-up varies between 55–60 per cent. The retail price calculations have been based on a standard of 60 per cent throughout.

COMPETITIVE PAY

This term has been used to denote the combined effect of two factors, equal pay for women and decline of the labour force.

Equal pay for women

In the clothing industry there are very few examples of jobs which are performed by men and women. Traditionally, women are the sewing machinists and light (or under) pressers. Men carry out cutting and heavier pressing

work. Consequently, there are few comparisons to make between jobs for men and women. Equal pay for equal work carried out by men and women in the industry is therefore not a strict comparison, even though there is a differential of 30-40 per cent in men's and women's rate of pay.

Decline of the labour force

The average decline rate of 2 per cent per annum in the labour force of the clothing industry will require urgent action; likely measures will include making the wage rates more attractive than those of other industries.

We estimate that these two factors would cause earnings to rise by 70 per cent in the period; of this, that 30 per cent would occur by 1973, and the remainder by 1978. Table A3 shows the percentage differential of men's and women's wage rates in various sectors of the industry in 1967.

TABLE A3/PERCENTAGE DIFFERENTIAL OF MEN'S AND WOMEN'S WAGE RATES

<i>Sector</i>	<i>Weekly minimum rates</i>		
	<i>Men's</i>	<i>Women's</i>	<i>Difference per cent</i>
Ready-made tailoring	198s 4d	151s 8d	30
Shirts	198s 4d	148s 8d	35
Mantles	205s 0d	151s 8d	35
Dresses	199s 2d	140s 0d	42
Corsetry	201s 8d	159s 0d	27

Source: Department of Employment and Productivity

DISTRIBUTION COSTS

The general level of distribution costs is approximately 3-4 per cent of the sales value. During the last six years, transport and postal and telephone charges have increased by approximately 40 per cent. Possible increased costs may be in the region of up to 50 per cent, dependent upon the nature of the companies operation.

The chances are that such an increase would be absorbed within the manufacturers' margins, and not passed on to the consumer.

METHOD

There were two basic steps in our method of forecasting clothing expenditure. The first was to produce a forecast solely on the basis of statistical analysis of past consumer behaviour. The second was to modify this forecast in the light of our consumer, market, industrial and technological research. This modification was very slight and produced a major change to only one garment group – men's innerwear.

We attempted to relate changes in clothing expenditure to changes in total consumer expenditure, relative price movements and trends in time using the statistical technique of multi-variate analysis. However the changes in the past had been too small to produce reliable conclusions except for the relationship between clothing expenditure and total consumer expenditure. This is a very stable relationship over the long term with the effect of clothing expenditure taking a slowly decreasing proportion of total expenditure as the latter increases.

Similarly for expenditure on sub-groups within clothing it was possible to find a reliable relationship between expenditure on a sub-group of clothing and total clothing expenditure.

The logical sequence of the economic analysis was therefore:

- 1 Forecast total consumer expenditure
- 2 Forecast total clothing expenditure
- 3 Forecast expenditure on sub-groups within clothing.

In addition we made a broad forecast of how consumer expenditure in all the other major competing areas would develop.

GROWTH IN TOTAL CONSUMER EXPENDITURE

The most important factor in forecasting consumer demand for clothing is the total spending power of the consumer. This therefore is the starting point of the forecasts.

To put the projections into perspective Table A4 gives annual growth rates for total consumer expenditure since 1947.

TABLE A4/GROWTH RATES IN TOTAL CONSUMER EXPENDITURE (1958 PRICES)

<i>Five year period</i>	<i>Average annual growth rate per cent</i>
1947-1952	0.5
1952-1957	3.2
1957-1962	3.2
1962-1967	2.9

Source: National Income and Expenditure

We have used *The Task Ahead* as a basis for our forecasts of total consumer expenditure up to 1972.

There is a shortage of detailed longer term economic projections and no single authoritative study. We have therefore produced what is, in our opinion, the 'most likely' forecast of consumer expenditure together with a range of possible alternatives.

The 'most likely' forecast uses *The Task Ahead* annual average forecast of 2.4 per cent for 1967 to 1972. We have then taken 3½ per cent as the average annual increase between 1972 and 1978. The 'lower' and 'upper' forecasts are based on *The Task Ahead* alternative growth rates of 2 per cent pa and 3.2 pa respectively between 1967 and 1972. We have then extrapolated to 1978 using an annual average of 2½ per cent pa for the lower forecast and 3½ per cent for the upper forecast.

The total turnover expenditure forecasts are expressed in units of £100 million at 1958 prices. This reflects both the purpose for which the forecasts are required and also the confidence in the projections. £100 million represents a little under one half of one per cent of total consumer expenditure.

The results indicate that the 'most likely' figures for consumer expenditure in 1973 and 1978 are £235 hundred million and £276 hundred million respectively. The range of alternatives for 1973 is from £229 hundred million to £244 hundred million; and for 1978 from £262 hundred million to £290 hundred million.

TABLE A5/ALTERNATIVE GROWTH RATE ASSUMPTIONS FOR CONSUMER EXPENDITURE

		Alternative growth rates 1968-1978		
		<i>Lower</i>	<i>Most likely</i>	<i>Upper</i>
Consumer expenditure (£100m 1958)	1973	229	235	244
	1978	262	276	290
Growth index (1968=100)	1973	110.6	113.5	117.9
	1978	126.6	133.3	140.1
Average annual growth rate (per cent)	1968-1973	2.0	2.6	3.3
	1968-1978	2.4	2.9	3.4

TABLE A6/CLOTHING EXPENDITURE AS PERCENTAGE OF TOTAL EXPENDITURE

Year	Expenditure £m 1958 prices			Year	Expenditure £m 1958 prices		
	Total	Clothing	Percentage		Total	Clothing	Percentage
1946	12061	758	6.3	1957	14985	1207	8.1
1947	12455	844	6.8	1958	15362	1206	7.8
1948	12436	928	7.5	1959	16080	1267	7.9
1949	12669	1007	8.0	1960	16735	1359	8.1
1950	13018	1046	8.0	1961	17127	1386	8.1
1951	12843	957	7.5	1962	17517	1386	7.9
1952	12780	949	7.4	1963	18375	1443	7.9
1953	13351	974	7.3	1964	19082	1493	7.8
1954	13896	1046	7.5	1965	19421	1557	8.0
1955	14452	1129	7.8	1966	19811	1562	7.9
1956	14577	1178	8.1	1967	20211	1562	7.7

Source:

National Income and Expenditure, 1964, 1968

GROWTH IN DEMAND FOR CLOTHING

THE EXPENDITURE ELASTICITY OF CLOTHING

We have used total consumer expenditure as the single predictor to produce the basic forecast of clothing expenditure. Thus we have to relate an increase in total expenditure to an increase in clothing expenditure, or, in other words, we have to determine the 'total expenditure elasticity' of clothing, i.e.:

'Per cent increase in clothing expenditure over given period of time

Per cent increase in total expenditure over same period of time'

If the value is greater than 'one', then clothing expenditure increases its share of total expenditure as the total increases; if elasticity is less than 'one', then clothing expenditure decreases its share as the total increases.

The proportions of total expenditure (Table A6) going on clothing have been stable for many years although there are short term fluctuations which imply an expenditure elasticity which varies widely from year to year (Table A7).

TABLE A7/EXPENDITURE ELASTICITY FOR CLOTHING (1958 PRICES)

Period	Elasticity
1947-1952	4.8
1952-1957	1.58
1957-1962	0.88
1962-1967	0.83

Since 1947 the first two five-year periods show a wide variation, taking an average value of 2.12. This variability can be explained in terms of consumer behaviour resulting from shortages during and immediately after the war years. (Clothing expenditure then caught up and has remained stable from the middle fifties to the present day.)

The future value for expenditure elasticity has to be forecast on the basis of its current value, past trends and international comparisons.

There is a tendency for the expenditure elasticity of all consumer items to decrease with time. Therefore on this basis we would expect elasticity to take a value in the future lower than 0.9.

A number of studies on private expenditure have been carried out in Europe. One comprehensive source is *Europe's Future Consumption** and some of the results from these studies are shown in Table A8, together with the American experience in the 1950s.

TABLE A8/SOME ACTUAL AND ESTIMATED EXPENDITURE ELASTICITIES FOR CLOTHING

Country	Period	Elasticity
France	1960-1970	0.92
France	1965-1975	0.86
Italy	1960-1970	0.95
Netherlands	1951	1.07
Netherlands	1960	0.93
Netherlands	1970	0.76
Netherlands	1980	0.62
Norway	1930-1939	1.3
Norway	1930-1959	1.2
	(excl. 1940-1948)	
Norway	1949-1959	0.6
Norway	1952-1959	2.0
Norway	1960-1970	0.83
Sweden	1960-1970	1
USA	1950-1960	0.78

They show a similar pattern to the UK, although both proportions of income spent on clothing and rate of decrease vary from country to country.

The American experience in the 1950s is of particular interest because income levels in the USA at that time were similar to those we expect in the UK in the 1970s. In America in the 1940s almost 15 per cent of consumer expenditure went on clothing. By 1950 this had dropped to 11 per cent and by 1962 was down to 9½ per cent. (Clothing in this context includes footwear and cleaning charges.)

Experience has shown that forecasts based simply on USA experience plus a time lag may conceal more than they reveal but the other evidence here confirms the significance of this.

On the basis of the above trends and comparisons, a value of 0.8 for the expenditure elasticity of clothing has been taken as the basis for the 'most likely' forecast.

*Editor, J Sandee, North-Holland Publishing Co 1964

FORECASTS OF DEMAND FOR CLOTHING

Clothing expenditure has been forecast on the basis of an expenditure elasticity of 0·8, for the 'most likely' forecast for clothing expenditure, together with 0·7 and 0·9 as alternatives, to cover the range of possible values and give an indication of sensitivity (Table A9). All of these figures are based on the 'most likely' growth in total consumer expenditure.

TABLE A9/ALTERNATIVE FORECASTS FOR CLOTHING EXPENDITURE (1958 PRICES)

Clothing expenditure		Expenditure elasticity		
		0·7 <i>Lower</i>	0·8 <i>Most likely</i>	0·9 <i>Upper</i>
Value (£m)	1973	1779	1800	1823
	1978	2004	2057	2113
Per cent of total	1973	7·6	7·7	7·8
	1978	7·3	7·5	7·7
Growth index (1968=100)	1973	109·5	110·8	112·2
	1978	123·3	126·6	130·0
Average annual growth rate (%)	1968-1973	1·8	2·0	2·4
	1968-1978	2·1	2·4	2·7

Source: AIC

When we take into account both uncertainty in the growth rate of total consumer expenditure and in the value of expenditure elasticity for clothing, the range of the forecast widens as shown in Table A10.

TABLE A10/'MOST LIKELY' AND EXPECTED RANGES FOR CLOTHING EXPENDITURE

Period	Growth in clothing expenditure (per cent)	
	Most likely	Expected range
1968-1973	11	9-13
1968-1978	27	22-32

RELATIVE PRICE CHANGES

We forecast that the general level of retail prices will rise by about 17 per cent between 1968-1973 and by 35 per cent between 1968 and 1978. These increases are very similar to those forecast for clothing and, bearing in mind the errors inherent in forecasts of this kind, we have not adjusted our forecasts of clothing expenditure to reflect price changes.

TABLE A11/CLOTHING EXPENDITURE OF AVERAGE FAMILY (SHILLINGS/WEEK AT CURRENT PRICES)

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
Men's outer clothing	4·38	4·28	5·67	4·59	5·26	5·18	5·50	5·92	6·65	6·55	6·58
Men's under clothing	2·38	2·30	2·28	2·33	2·61	2·49	2·72	2·73	2·83	2·90	3·09
Women's outer clothing	5·73	6·46	6·47	8·51	7·43	7·12	7·56	8·47	9·61	10·56	10·02
Women's under clothing	3·24	3·27	3·47	3·56	4·10	4·00	3·91	3·98	4·37	4·36	4·09
Children's clothing	3·72	3·85	3·79	3·90	3·99	4·23	4·55	4·02	5·19	4·55	5·00
Other clothing	4·27	4·13	3·83	4·78	3·91	3·94	4·33	3·71	4·31	4·45	4·34
ALL CLOTHING	23·72	24·29	25·52	27·66	27·30	26·97	28·56	28·84	32·96	33·36	33·12

Source: Family Expenditure Survey

GROWTH IN DEMAND FOR SUB-DIVISIONS WITHIN CLOTHING

The forecasts for sub-divisions within clothing have been based on data from the Family Expenditure Survey.

Average family expenditure patterns were analysed over a period of eleven years. These figures, expressed in shillings per week at current prices are shown in Table A11.

These figures were then converted to percentages of total clothing expenditure at 1962 prices using retail price indices. Predictive equations of the following type were then estimated using regression analysis:

Proportion of total clothing expenditure on a particular sub-group (in 1962 prices)=

$$a + b \times \text{total clothing expenditure (in 1962 prices)}$$

The 'a's and 'b's are constants determined by regression analysis and differ for each sub-group.

RESULTS OF FORECASTS

Results of regression analyses are given in Table A12.

TABLE A12/RESULTS OF REGRESSION ANALYSES

Item	Regression coefficients	
	'a'	'b'
Men's outer clothing	+0·182	+0·00033
Men's under clothing (incl. hose)	+0·158	-0·00238
Women's outer clothing	-0·004	+0·01027
Women's under clothing (incl. hose)	+0·211	-0·00263
Children's clothing	+0·191	-0·00142
Other	+0·283	-0·00481

The interpretation of these figures is that as total expenditure on clothing increases, the proportions spent on men's and women's outer clothing increase but the proportions spent on other groups tend to decrease. These figures are for constant prices.

If we now estimate the increases in total clothing expenditure per family for 1973 and 1978 we can insert them in the regression equations and forecast the proportions going to each sub-group. These proportions can then be translated into growth rates for each sub-group, as shown in Table A13.

**TABLE A13/GROWTH INDICES FOR CLOTHING
SUB-DIVISIONS**

Sub-group	Growth indices 1967=100	
	1973	1978
Men's outer clothing	116	133
Men's under clothing	99	102
Women's outer clothing	126	159
Women's under clothing	116	122
Children's clothing	109	120
Other	104	102

Source: AIC

As can be seen, the major growth areas are in outer clothing.

FURTHER MODIFICATION OF FORECASTS

The next stage of the work was to modify these basic forecasts on the basis of our consumer, market and technological research.

This modification was not significant apart from an increase in the estimate of future expenditure on men's inner wear.

The final forecasts appear in the main body of the report.

GROWTH IN DEMAND FOR COMPETING PRODUCTS

Using a similar approach to that described above for clothing, we have estimated the growth in demand for competing products (Table A14). These figures apply in all cases to the 'most likely' forecast of clothing expenditure. It was not felt appropriate to put confidence limits

on the forecasts for commodities other than clothing (Table A15). The figures should be regarded as guide lines only.

**TABLE A15/GROWTH INDICES FOR EXPENDITURE
ON MAJOR COMMODITY GROUPS**

Commodity group	1967-1973	1967-1978
Food	109	117
Footwear	117	138
Clothing	115	132
Household expenses	118	141
Communications	117	122
Transport	133	187
Drink and tobacco	111	122
Entertainment	113	130
Other	120	145

The major areas of change are 'Transport', 'Other', and 'Household expenses' where growth pa will be higher than average and 'Food' and 'Drink and tobacco' where growth pa will be lower than average.

The projection for 'Entertainment' is not as surprising as it may seem at first sight as only 'formal' entertainment is included. Most of the increasing expenditure on leisure activities appears in 'Transport' and 'Other'.

No account has been taken of relative price movements in forecasting demand for commodities other than clothing. This is because the relative price movements that have been forecast for the period ahead are not expected to produce significant re-allocations. (See *The British Economy in 1975*, W. Beckerman and Associates, CUP 1965.)

**TABLE A14/ACTUAL AND ESTIMATED EXPENDITURE PERCENTAGES (1958 PRICES)
PER CENT OF TOTAL EXPENDITURE GOING TO EACH GROUP**

Commodity group	1950	1960	1967	1973	1978
Food	31.2	28.6	25.9	24.2	22.1
Footwear	2.0	1.6	1.5	1.5	1.5
Clothing	8.0	8.1	7.7	7.7	7.5
Household expenses	22.7	22.4	22.5	22.8	23.0
Communications	0.8	0.8	0.9	0.9	0.8
Transport	6.0	9.4	12.7	14.6	17.3
Drink and tobacco	12.6	12.6	11.3	11.8	10.0
Entertainment	4.5	3.6	3.6	3.5	3.4
Other	12.3	12.8	13.8	14.2	14.5

Source: Family Expenditure Survey and AIC Forecasts

APPENDIX D/INTERNATIONAL TRADE

GENERAL TRENDS

Both imports and exports have grown rapidly in recent years. It is difficult to estimate the volume of exports accurately because of the uncertainty regarding parcel post. Estimates of parcel post vary widely and we have not been able to clarify the situation. A large scale investigation would be required to obtain a reliable sample as there are large variations between regions of origin in the UK, between destinations abroad and between garment types. We have increased export figures of knitted garments by approximately 40 per cent and apart from some rounding up have made no systematic adjustments for 'not-knitted' garments. This resulted in

TABLE A16/UK CLOTHING IMPORTS 1955-1968 (£m)
(EXCLUDING HOSE)

Year	Innerwear		Outerwear		Other	Total
	Men's & boys'	Women's & girls'	Men's & boys'	Women's & girls'		
1955	1	*	2	2	5	11
1956	2	*	3	4	5	14
1957	2	*	3	5	6	17
1958	2	1	3	7	6	19
1959	4	1	4	9	8	26
1960	6	2	8	12	10	38
1961	6	2	10	15	10	42
1962	7	2	11	17	11	49
1963	10	3	12	19	18	62
1964	13	3	17	23	17	73
1965	10	2	15	18	12	56
1966	10	3	20	22	13	68
1967	13	4	23	27	14	81
1968	20	5	30	33	20	108

Figures are estimated to nearest £ million

* indicates less than £ ½ million

Source: HM Customs and Excise

TABLE A17/UK CLOTHING EXPORTS 1955-1968 (£m)
(EXCLUDING HOSE)

Year	Innerwear		Outerwear		Other	Total
	Men's & boys'	Women's & girls'	Men's & boys'	Women's & girls'		
1955	2	1	8	11	9	31
1956	2	1	8	12	9	33
1957	2	1	9	12	9	34
1958	2	1	9	10	9	31
1959	2	1	9	10	9	32
1960	2	1	9	11	9	33
1961	2	1	9	11	9	33
1962	2	1	10	12	10	36
1963	2	1	12	15	11	42
1964	3	2	13	17	12	46
1965	3	2	15	21	12	52
1966	3	2	16	23	12	56
1967	3	2	18	33	12	68
1968	4	2	24	43	18	91

1 Figures are estimated to nearest £ million

2 An estimate for parcel post is included - approximately £10m. in 1968

Source: HM Customs and Excise

adding £10 million to the export total for 1968 and a figure proportionally smaller for earlier years.

The UK ran an export surplus up to 1959; during the 1950s exports were static but imports were climbing rapidly. It was not until 1962 that exports began to climb more rapidly. The import surcharge scheme had a big impact in 1965, but since that date growth has continued as fast as before.

Although international comparisons are not entirely valid, the OECD Trade Statistics for the period 1963 to 1967 indicate that the UK had a relatively good import record (because of the trend reversal in 1965) but a slightly below average export performance.

TABLE A18/CLOTHING TRADE GROWTH 1963-1967
(MILLION US DOLLARS)

COUNTRY	EXPORTS (fob)			IMPORTS (cif)		
	1963	1967	Growth index	1963	1967	Growth index
North America	107	208	194	451	759	168
Japan	211	336	159	11	16	154
EEC	856	1294	151	563	1000	178
Belgium and Luxembourg	103	166	161	66	117	177
Netherlands	65	98	151	145	270	186
W Germany	146	253	173	256	431	168
France	203	273	134	70	137	196
Italy	338	504	149	26	45	173
EFTA	279	469	168	457	727	159
UK	110	175	159	181	229	127
Norway	10	14	140	46	77	167
Sweden	26	52	200	88	161	183
Denmark	30	57	190	34	65	191
Austria	43	68	158	18	45	250
Switzerland	44	58	132	89	146	164
Portugal	15	46	307	0.8	3.7	463
Ireland	14	26	186	6.2	11.9	192
Other West European countries	10.9	37.5	344	12.6	34.7	275
Eastern Europe	22	24	109	14	92	651
China	3.9	16	410	—	—	—
Australia, New Zealand, South Africa	3	3	100	17.5	34.6	198
Developing countries	286	584	204	279	342	123
In Africa	—	—	—	136	127	93
In Latin America	9.1	21	231	30	93	310
In Far East	260	506	195	32	52	163
In Middle East	9.2	15	163	31	39	126
WORLD	1790	2997	167			

Notes:

1 North American imports are fob

2 Trade between and within Eastern Europe and the developing countries is not included

3 Hose included

Source: OECD Trade Statistics, Series C, SITC 84

EXPORTS

The UK share of world trade in clothing is falling and with minor exceptions it is only in Eastern Europe and EFTA that the UK is increasing its share of markets.

As Tables A19 to A21 show, UK export performance varies widely both between countries and garment types. Apart from the obvious strengths of the British clothing industry in high quality outerwear and the major tariff and trade agreements, much of this variation cannot be explained without very extensive market research.

The formation of EFTA and the Common Market have had a striking impact on export growth. British exports to the Common Market increased by 30 per cent from 1963 to 1967. In the same period exports to EFTA went up by 122 per cent. In 1967 the Common Market countries took 3.7 per cent of their total clothing imports from the

UK. The corresponding figure for the EFTA countries was 12.6 per cent. Although it could not be expected to achieve this high penetration in the Common Market countries, there would certainly be scope for the UK to double or treble current exports. This would be equivalent to £30 to £45 million pa. However, it is likely that UK penetration of EFTA markets would suffer in these circumstances, both by diversion of effort and capacity, and possibly by increased competition from EEC countries. The timing and composition of new trading areas are impossible to forecast and therefore we have not made a complete set of alternative forecasts to cover the possibilities; but we would expect clothing exports to have an accelerated growth rate producing an extra £50 million of exports pa by the end of the ten year period if a full European trading area materialises.

TABLE A19/GROWTH IN UK EXPORT MARKETS (MILLION US DOLLARS)

MARKET	GROWTH IN UK EXPORTS					
	Value 1963	Per cent of all UK exports	Value 1967	Per cent of all UK exports	Growth index	Growth in countries' total clothing imports 1963=100
North America	26.3	23.8	33.2	19.0	126	168
Japan	0.6	0.5	0.8	0.5	133	154
EEC	25.0	22.6	32.4	18.5	130	178
Belgium and Luxembourg	1.6	1.4	2.5	1.4	156	177
Netherlands	5.2	4.7	7.2	4.1	138	186
W Germany	8.5	7.7	10.1	5.8	118	168
France	4.9	4.4	7.2	4.1	147	196
Italy	4.8	4.3	5.4	3.1	113	173
EFTA	21.2	19.1	47.1	27.0	222	159
Norway	3.0	2.7	5.8	3.3	193	167
Sweden	7.5	6.8	15.3	8.8	204	183
Denmark	2.5	2.3	7.8	4.5	312	191
Austria	0.7	0.6	3.5	2.0	500	250
Switzerland	7.4	6.7	14.0	8.0	189	164
Portugal	0.2	0.2	0.7	0.4	350	463
Ireland	4.3	3.9	7.8	4.5	181	192
Other West						
European countries	2.8	2.5	5.4	2.3	193	275
Eastern Europe	1.3	1.2	16.8	9.6	1292	651
Australia, New Zealand,						
South Africa	9.9	8.9	8.0	4.6	81	198
Developing countries	19.2	17.3	23.2	13.3	121	123
In Africa	7.9	7.1	9.2	5.3	116	93
In Latin America	3.2	2.9	3.8	2.2	119	310
In Far East	3.5	3.2	3.9	2.2	111	163
In Middle East	3.6	3.3	5.2	3.0	144	126
TOTAL	110.7	100	174.7	100	158	

Source:
OECD Trade Statistics, Series C. SITC 84

TABLE A20/UK MARKET SHARES OF IMPORTS - 1967

COUNTRY	Woven outerwear			Knitted garments	
	All clothing	Men's & boys'	Women's & girls'	Under	Outer
	<i>per cent</i>	<i>per cent</i>	<i>per cent</i>	<i>per cent</i>	<i>per cent</i>
N America	5.1	6.3	3.3	2.2	6.7
W Germany	2.1	1.4	3.2	0.7	2.3
Netherlands	2.9	1.3	4.5	1.2	2.0
Sweden	12.1	3.5	26.5	6.4	11.9
Switzerland	12.2	8.8	15.8	2.4	16.2
France	6.1	6.7	10.0	1.0	7.6
Belgium and Luxembourg	2.4	1.6	3.0	2.3	3.2
Norway	10.8	3.5	16.5	4.5	9.5
Denmark	15.9	6.0	33.1	6.2	16.1
Austria	11.6	4.4	20.6	3.4	17.8
Italy	20.0	43.8	10.8	5.8	42.9
Japan	6.6	29.6	3.6	7.2	4.6
Spain	20.0	13.3	34.6	5.1	30.0
Ireland	84.6	64.4	90.2	93.2	81.9
Iceland	26.3	16.1	42.9	10.0	35.0
Portugal	36.0	34.7	58.8	15.4	40.6
Greece	16.6	17.5	8.5	23.7	34.0

Source: OECD Trade Statistics, Series C, SITC 84

TABLE A21/TOTAL CLOTHING IMPORTS FOR SELECTED COUNTRIES (MILLION US DOLLARS) 1967

COUNTRY	All clothing	Woven outerwear		Knitted garments		Clothing imports per head (US \$)
		Men's & boys'	Women's & girls'	Under	Outer	
N America	759	95	137	40	247	3.45
W Germany	431	73	85	41	127	7.2
Netherlands	270	45	64	14	89	21.45
Sweden	161	26	32	15	34	20.3
Switzerland	146	15	37	9	44	23.9
France	137	24	16	6	47	3.46
Belgium and Luxembourg	117	22	25	7	27	11.8
Norway	77	9	20	7	18	20.3
Denmark	65	8	14	4	11	13.5
Austria	45	9	8	6	11	6.17
Italy	45	4	12	3	8	0.85
Japan	16	0.9	3	0.5	6	0.15
Spain	15	1	2	0.3	6	0.48
Ireland	12	0.9	3	0.9	2	4.1
Iceland	4	0.5	1	0.5	0.8	22.27
Portugal	4	0.2	0.4	0.1	1	0.39
Greece	3	0.3	0.4	0.1	0.4	0.29
UK	229	42	42	25	54	4.14

Source:
OECD Trade Statistics, Series C, SITC 84

Three alternative forecasts of growth rates have been made:

1 The lower forecast is derived from the DEA's Green Paper *The Task Ahead*. This paper forecasts an average annual growth rate of $6\frac{1}{2}$ per cent for clothing, leather and footwear for the period 1967 to 1972. As it indicates a slow down towards the end of this period we have interpreted this for clothing alone as giving an average annual growth rate of 6 per cent for the period 1967-1973. We have further interpreted this slowing down to forecast a 4 per cent annual average growth rate for the period 1973 to 1978.

2 The middle or 'most likely' forecast is $11\frac{1}{2}$ per cent annual average growth rate between 1968 and 1973. This is equal to the growth rate (at constant prices) between 1962 and 1967, and we consider it feasible that this growth rate can be maintained. Again it is expected that this rate will slow down to a steadier $7\frac{1}{2}$ per cent pa during 1973 to 1978. This reflects capacity problems, reduced effectiveness of the present incentives to export, and a possible general slow down in the growth of world trade.

3 The values chosen for the upper limit, 15 per cent pa for 1968 to 1973, and 10 per cent pa for 1973 to 1978, are arbitrary in the sense that they are indicators of potential rather than expectation. Given stable domestic conditions and skilled marketing we have no doubt that even these optimistic figures could be beaten.

Growth rates postulated for the individual garment groups have been determined by their relative growth rates in the past, our forecast for the relative growth rates in the whole market and our market reports from abroad.

IMPORTS

Imports have risen strongly in recent years apart from the very sharp but short-lived set back in 1965. This indicates the high degree of substitution possible between imports and domestic products; price competition is very severe.

The UK is not a big importer of clothing in value terms, with lower imports per head than West Germany, Benelux and all the EFTA countries apart from Portugal. However, when we look at the sources of UK imports an important difference emerges. The UK imports much more heavily from the developing countries than other comparable European countries.

These imports from developing countries are much cheaper per unit than those from other sources. (The only exception to this generalisation are Portuguese imports which are at comparable price levels to those from Hong Kong.) This aggravates the situation even more, because the UK imports per head a much greater number of garments than other countries.

The effects of imposing further restrictive quotas on our imports from Hong Kong would clearly have dramatic effects. We cannot pre-judge what action, if any, the government may take, so would simply stress the very significant effect that would be produced for almost all garment types at the lighter end of the trade if Britain were to move into line with general European practice.

Three alternative forecasts have been made:

1 The lower forecast is again derived from *The Task Ahead*. The paper forecasts average annual growth rate of 5 per cent for clothing, leather and footwear for

the period 1967 to 1972. Interpreting this for clothing for 1968 to 1973, we have reduced the growth rate to $4\frac{1}{2}$ per cent pa to compensate for the particularly high growth rate in 1968. We have further interpreted the speeding up of the DEA forecast growth rate in the early 1970s to forecast a 5 per cent annual average growth rate for the period 1973 to 1978.

2 The middle forecast equals the growth rate experienced between 1962 and 1967; it is our opinion that the most likely growth rate for imports will not be lower, because this was a period of import restrictions centred around the unprecedented fall in imports in 1965. We do not anticipate that the effects of devaluation and the current import restrictions will have a greater effect than these earlier restrictions, particularly in view of the 1968 record import growth. Following the same argument as before, this growth rate is expected to accelerate slightly in the second five year period from an average of $7\frac{1}{2}$ per cent pa to 8 per cent pa.

3 The upper limit is an attempt to predict the sort of inflow that might be expected if significant price inflation takes place in the low to medium price range of British made clothing. It is based on past trends, together with the size and price structure of the UK market. In contrast to the other forecasts, the growth rate slows down over the second five year period. This is because high penetration of imports in certain garment groups, notably shirts, trousers, knitwear and men's underwear will have been reached and this will prevent a high growth rate being sustained.

Import growth is substantial in all main garment groups but the majority of imports are at the very cheap light end of the market. The major growth areas for imports are shirts, jackets, trousers, knitwear and dresses.

If Britain were associated with a large European trade grouping, the preferential treatment of developing Commonwealth members might well disappear, which would have a significant effect on our import pattern.

THE TRADE BALANCE

Growth rates for imports and exports are clearly related. A healthy, dynamic home industry will exploit export potential to the full and at the same time compete successfully with imports. A weak, ineffective home industry will be unable to compete with foreign competitors in markets abroad or at home.

We have examined four alternative possibilities:

- 1 The two middle growth rates, 'the most likely'
- 2 The upper/middle forecasts for exports with the middle/lower forecasts for imports, 'the optimistic'
- 3 The middle/lower forecasts for exports with the upper/middle forecasts for imports, 'the pessimistic'
- 4 The lower forecasts, 'the DEA derived projection'.



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YOUR FUTURE IN CLOTHING

AN ECONOMIC DEVELOPMENT STUDY OF THE FUTURE MARKET FOR THE CLOTHING INDUSTRY

PREPARED BY ASSOCIATED INDUSTRIAL CONSULTANTS LIMITED FOR THE ECONOMIC DEVELOPMENT COMMITTEE FOR THE CLOTHING INDUSTRY

The Economic Development Committees are composed of representatives of the three parties involved in industrial and economic development—management, trade unions and government. Their secretariat is provided by the National Economic Development Office, which is an independent, publicly financed body. This report has been prepared by Associated Industrial Consultants Limited, for the Clothing EDC, under the guidance of The Economic Development Study Steering Group. For administrative convenience the booklet is printed and published through HMSO.

CLOTHING EDC

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This study took place under the guidance of the following steering group, whose work is greatly appreciated.

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FOREWORD

The Economic Development Committees were set up with two principal objects. The first of these was to examine the performance, prospects and plans for each particular industry and to relate these to the national growth objectives. The second was to consider ways of improving the industry's economic performance and general efficiency. The work of the Clothing EDC has been aimed at both of these objects.

In June 1967 I had the honour of addressing the annual conference of the Clothing Institute at Brighton and explained how the EDC had approached this work. I described how projects like the *Financial League Tables** and the *Attainable Production Targets*† set standards of performance for the industry as a whole and enabled individual firms to measure their own efficiency. I also spoke of the need to prepare for the future and in particular to take account of the incessant rise in wage costs which, nationally, can be expected to increase by about 75 per cent over the next ten years.

The EDC recognised that a labour intensive industry such as clothing might be forced to make quite radical adjustments in the future. The *Attainable Production Targets* report, published in November 1968 showed that many firms are capable of far higher productivity but increasing imports have likewise revealed the industry's vulnerability on costs. At the same time the *Financial League Tables* for 1967/68 which have recently been issued show that profitability of clothing firms is declining. What type of adjustments, therefore, might future trading conditions impose? And what other factors, like the growth in wages, which are outside the industry's own control might have a decisive influence?

This report is an attempt to find answers to these questions.

The EDC asked Associated Industrial Consultants Limited to report on the factors that will influence the future market place for clothing. We asked the consultants to examine the changes which are likely to take place over the next ten years and to assess how these forces will shape the industry. The aim is to show in what ways the clothing industry should develop in the future rather than to provide definitive answers to specific questions. The report is therefore a valuable starting point for any clothing manufacturer who wishes to plan the growth of his own business taking account of the changing economic and social scene.

I must make it clear, though, that this is a report by the consultants and that individual members of the EDC do not necessarily agree with all the consultants' conclusions. It is not easy to foresee what will happen and what its significance will be for the clothing industry and in such a controversial and uncertain area differences of opinion are bound to occur. The consultants' view that the industry will achieve the necessary increase in pro-

ductivity, for example, is not supported by all of the past evidence. Some people too will feel that the forecast of growth in consumer demand is too pessimistic.

Differences of opinion need not detract from the value of the report. Had we determined to produce a report with which everybody would agree it would have been neither useful nor interesting. What is important is that the report can provoke action in those areas where it is most needed. It has always been the intention of the EDC that this report should be only the first stage of the work. Stage two will be to inquire into what action should be taken in those areas most subject to the forecast changes. Work of this nature has in fact already begun. Early in their work the consultants reported on the clear threat which the shirt industry faced from foreign competition. The shirt industry was not slow to react. Immediately a Shirt Industry Group was set up, financial support was promised and now consultants have been retained to advise on the problem of this particular sector of the industry.

It is in this follow up action that the value of the report lies. It provides a means for every manufacturer to test his own views of the future against the facts that are available and the consultants' interpretation of those facts. In many cases, as with the shirt manufacturers, it will be apparent that further study is necessary. Whether that study is done by individual businessmen or by the EDC itself, the report will have served its purpose.

Robert Appleby

*Available free from NEDO.

†Available from HMSO 22s 6d net.

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INTRODUCTION

THE AUTHORITY OF THE FINDINGS

The study was based partly on analysis of published information and statistics from which we were able to establish current trends, and partly on a series of discussions with recognised authorities on varying aspects both of the garment industry and of other industries such as the fibre and textile industries and retailing and wholesaling whose activities impinge on the garment industry. We probed consumer attitudes through a series of interviews and group discussions.

We also studied likely changes in technology in the garment industry and the fabric and fibres industries because of possible effects on cost and quality, and thus on demand. Our forecasts, therefore, rest on assessments of technological changes, which have been derived partly from the experience of our Clothing Industry Division and partly from discussion with recognised experts on the subject. Our conclusions on technological developments are described in Appendix B and summarised in the main text so that the assumptions we have made will be quite clear. But we cannot claim to have made an authoritative study of the likely technological developments in the industry, which are difficult to research because of the natural reluctance of commercial organisations to discuss likely developments before they have been perfected.

ACKNOWLEDGEMENTS

This study owes a great deal to the widespread and generous collaboration and assistance of many clothing, fibre and textile firms whose kind help gave personal as well as professional pleasure to the project team. We should particularly like to thank ICI Fibres Limited and Courtaulds Limited for permission to use some very illuminating market data.

Through the kind assistance of the Board of Trade we were able to secure from commercial posts an invaluable assessment of the reputation and prospects for British garments in a wide range of overseas markets.

Finally, however, it must be said that the judgments contained in this report are, in the last resort, AIC's own, and we take full responsibility for them. We hope and trust that our efforts have resulted in a report which will be of value to the clothing industry.

NOTES:

- 1 All forecasts in money terms are at 1968 constant prices unless otherwise stated.
- 2 All figures for expenditure on clothing exclude hose.

SUMMARY AND CONCLUSIONS

We believe that the next ten years will be a very testing period for the UK clothing industry. We expect demand for clothing in the UK to increase, but rather slowly; whilst costs will increase substantially, particularly labour costs. If the industry cannot absorb these cost increases, and if British prices go up, imports can be expected to increase very rapidly, further reducing the UK industry's sales to its home market. But for many types of garment, export potential seems massive, and very lucrative for those firms which have or can develop the necessary marketing skills.

FORECAST DEMAND FOR CLOTHING IN THE UK

See Chapter 1 and Appendix A

We forecast that expenditure on clothing in the UK will increase on average by about 2½ per cent per annum in real terms.* This modest increase would come from natural growth, that is, a forecast rise in the total population and in real incomes. (The assumptions made and the methods used in making the basic forecast are discussed fully in Appendix C.) The proportion of consumers' income spent on clothing has been declining, and we expect this trend to continue. The massive export potential in many garment categories could off-set this sluggish market prospect (see Chapter 3). Profit margins in exports can be higher than in home trade. British clothing is cheap by international standards in those categories which offer most promise.

COSTS, PRICES AND PRODUCTIVITY

See Chapter 6, p 19

We consider price stability essential to the clothing market; our evidence suggests that if clothes were to become more expensive relative to other goods, fewer clothes would be bought. But we think it inevitable that UK manufacturers will be faced with cost increases. We think, for example, that wages in the industry will have to increase by some 30 per cent by 1973 and 70 per cent by 1978 in real terms. This is a very large increase; double the expected average for all industry. But we feel it will be necessary in order to prevent the industry's labour force from dwindling to the point where some sectors of the industry will not be able to meet the demand for their products. Should wages not increase in this way, we expect that the decline in the labour force will continue, that the capacity of the UK industry will shrink, and that imports will rush in to fill the gap.

The only way that prices can be kept stable in the face of such cost increases is through increased productivity. We believe that the industry will be able to obtain sufficient improvement in productivity to off-set the increase in costs; our forecasts are based on this belief. But if the industry does not achieve this productivity and if prices of British clothing relative to other goods go up, the penalties could be very severe to British firms; we would expect a flood of imports.

*In real terms' = in 1968 money values. All our forecasts in this report are in real terms. Inflation would increase all monetary figures.

THE REPUTATION OF THE CLOTHING INDUSTRY AND ITS EFFECTS ON RECRUITMENT

See Chapter 6, p 20

Our study has involved us in extensive enquiries not only in the garment industry itself but also in related industries and among journalists, academics, designers and consumers. It appears from our enquiries that, rightly or wrongly, the industry has a poor reputation among potential employees of all grades, and that this contributes to the serious decline in the labour force. (Hence our forecast of wage increases.) This reputation evidently applies to management posts too; we believe that the industry's future prosperity will be jeopardised if it does not succeed in attracting its share of the nation's best management.

THE GROWING IMPORTANCE OF FIBRE, TEXTILE AND RETAIL GROUPS

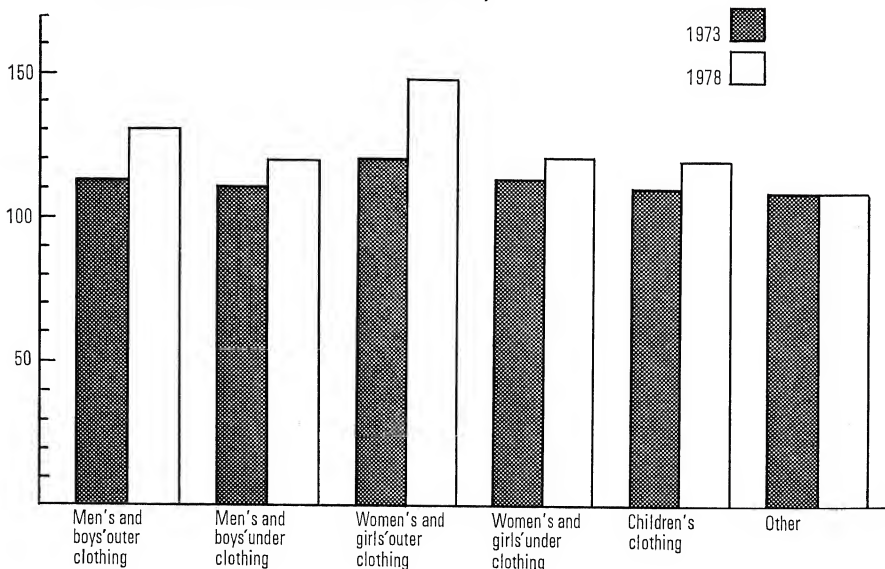
See Chapter 4

The multiples have been increasing their share of trade in clothing to the point where they now control almost half the retail trade. This has been accompanied and to some extent made possible by the close links they have developed with the garment industry. In the next ten years we expect these links to become even stronger as the multiples consolidate this already high market share. In addition, increased competition among the fibre producers and structural changes in the textile industries are also leading to greater collaboration with, and sometimes to financial participation in, the clothing industry. Firms allying themselves to groups on either side must do so with their eyes open. They can gain from greater stability and assistance with promotion; they can also prejudice their commercial independence.

FORECAST PROSPECTS FOR UK CLOTHING MANUFACTURERS BY MAIN GARMENT CATEGORIES

The clothing industry is a large, complex and fragmented industry, and some sectors have very little in common with each other. Not surprisingly, therefore, the prospects facing the industry during the next decade differ widely from sector to sector. Even dividing garments into five major groups we found that our expectations varied a good deal for each group. This is illustrated in Chart 1.

CHART 1/GROWTH INDICES FOR CLOTHING SUB-DIVISIONS
(EXPENDITURE ON CLOTHING 1968=100)



The sectors of the industry faced with the slowest growth in home demand are also the sectors which seem to us most vulnerable to the threat of imports. This threat is likely to intensify during the second half of the ten year period under review.

MEN'S AND BOYS' INNERWEAR

The potential import threat is most evident in the case of men's and boys' innerwear. We forecast UK demand to increase by 2 per cent each year on average to 1978 but the increase in imports is expected to be such that the sales of UK manufacturers are forecast to decline from 1973 to 1978.

In Part 2 of this report we have attempted to develop separate forecasts of the prospects for the garments comprising innerwear, namely shirts, nightwear and underwear. In a study with such a wide scope as this we were not able to examine in detail the prospects for individual garments. But we have set out the important factors involved and our judgment of their impact on the market in each case. In the sections on shirts, nightwear and underwear our forecasts state our views on the potential import threat.

TABLE 1/POTENTIAL IMPORT THREAT IN MEN'S AND BOYS' INNERWEAR
AIC 'most likely' forecasts at constant 1968 prices

	1968 £ million	1973 £ million	1978 £ million
Imports of:			
Shirts	12	20	35
Nightwear	2	4	6
Underwear	5	7	10
TOTAL	19	31	51

These forecasts imply that by 1978 imports will take 31 per cent, 38 per cent and 45 per cent of the total UK market by value for shirts, nightwear and underwear respectively.

WOMEN'S AND GIRLS' NIGHTWEAR AND UNDERWEAR

We forecast the demand for women's and girls' nightwear and underwear to increase by 2½ per cent each year from 1968 to 1973, but in the second five year period to grow much more slowly, by 1 per cent each year on average. Imports are expected to take an increasing share of the home market leaving the UK manufacturers with virtually no growth to be expected in their total sales from 1973 to 1978. Imports are expected to be more than twice their 1968 level by 1978 but this is less serious than it sounds because of the relatively small share of the home market currently held by imports (1968 – 6 per cent by value: forecast to increase to 13 per cent by 1978).

MEN'S AND BOYS' OUTERWEAR

We forecast a steady increase in the UK demand for men's and boys' outerwear: 2½ per cent each year over the ten year period under review. The share of the UK market held by imports, however, is expected to increase from the present level of rather less than 10 per cent to approaching 20 per cent by 1978. We expect competition from low-cost countries to increase in this segment of the clothing market because of the improved quality of their products, particularly trousers and jackets. British men's wear has a very high reputation abroad, however, and we believe there is great export potential which has not yet been approached. We forecast that exports will increase from £24m to £54m but we think that a determined attack on export markets could result in the industry's obtaining £70m of exports by 1978 or 14 per cent of the industry's total sales.

In Part 2 we set out our views on the prospects for individual garments: overcoats, trousers, suits, jackets, waistcoats, knitwear and rain-proofed garments. These products account for about 97 per cent of male outerwear production (by value).

Our conclusions are that the main import threat is expected to arise in trousers, lower and medium priced knitwear, and jackets and waistcoats. In all of these cases we think imports may account for one-third of the UK market by value in 1978. Imports of other male outerwear garments (eg gloves, scarves, ties) are expected to remain relatively small. We think export prospects are outstandingly good for high quality men's knitwear and suits. Our forecasts imply that by 1978 about 44 per cent of the industry's output by value will be exported. The comparable figure in 1968 was 25 per cent.

WOMEN'S AND GIRLS' OUTERWEAR

Our forecast for women's and girls' outerwear is that demand in the UK will increase by 3.6 per cent each year on average to 1978, and that a substantial, favourable trade balance will be achieved by the industry despite quite rapid growth in imports. We do not expect imports to have captured as much as 10 per cent of the home market by 1978, while we forecast that exports will be running at twice that level and will grow at an annual average rate of 12.2 per cent. With really effective marketing by the whole industry, exports could be substantially higher than we have forecast, reaching £188m (at 1968 prices) by 1978, 22 per cent of the industry's total sales.

In Part 2 we have indicated our views on the prospects for overcoats, costumes and suits, dresses, knitwear, separates, and rain-proofed garments. In the UK we expect the most rapid growth to be in the demand for dresses (5.4 per cent each year on average), separates (5.2 per cent) and knitwear (4.6 per cent). Import competition will probably be keenest for lower priced dresses, costumes and suits, and knitwear. We think export opportunities are good in every sector of women's outerwear, except rain-proofed garments, and this is reflected in our forecasts. All sectors, again excepting rain-proofed garments, are expected to achieve a favourable trade balance. This contrasts with most other sections of the garment industry, of which only male knitwear is expected to have exports significantly larger than imports. Indeed by 1978 we expect that over 60 per cent of the garment industry's total exports on a value basis will be from the women's outerwear group of garments.

TABLE 2/EXPORT OPPORTUNITIES IN WOMEN'S AND GIRLS' OUTERWEAR
AIC 'most likely' forecasts at constant 1968 prices

	1968 £ million	1973 £ million	1978 £ million
Exports of:			
Overcoats	7	15	22
Costumes	6	16	29
Dresses	13	32	47
Separates	4	9	16
Knitwear	11	14	18
Rain-proofed garments	1	1	1
Other	1	2	3
TOTAL	43	89	136